Buckinghamshire County Council

Unaudited Statement of Accounts

for the year ending 31 March 2011

The Council's Responsibilities

The Council is required to:
- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance and Commercial Services.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts

The Head of Finance and Commercial Services' Responsibilities

The Head of Finance and Commercial Services is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Head of Finance and Commercial Services has:
- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code

The Head of Finance and Commercial Services has also:
- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Certificate of the Head of Finance and Commercial Services

I certify that this Statement of Accounts for the year ended 31 March 2011 gives a true and fair view of the financial position of the Council as at 31 March 2011 and its income and expenditure for the year ended 31 March 2011

R. Ambrose

Richard Ambrose
Date: 30 June 2011
Head of Finance and Commercial Services

This report will be published following the completion of the audit of the accounts.

Introduction

The Statement of Accounts contains four main statements. Each of the four main statements is accompanied by supplementary notes providing additional detail to figures presented. The four main statements are:

- Movement in Reserves Statement - this statement shows the changes in the financial resources over the year. The total useable reserves held as at 31 March 2011 was £123.971m. Of this amount, £21.148m was earmarked for Schools, £26.006m related to useable capital receipts, £25.516m was un-earmarked General Fund and £51.301m was General Fund earmarked for other purposes
- Comprehensive Income and Expenditure Statement - this statement shows the gains and losses that contributed towards the changes in resources shown in the Movement in Reserves Statement. The surplus on the provision of services for 2010/11 was £107.969m
- Balance Sheet - this statement shows how the resources available are held in the form of assets and liabilities. The net assets figure is balanced by the Total Reserves figure (see also Movement in Reserves Statement). Due to the International Financial Reporting Standards (IFRS) restatement, the Balance Sheet also contains figures for the beginning of the earliest comparative period (i.e. 31 March 2009)
- Cash Flow Statement - this statement shows how the movement in resources has been reflected in cash flows. The starting point for this statement is the net surplus/deficit on the provision of services (see also Comprehensive Income and Expenditure Statement). The net increase in cash and cash equivalents during the year was £35.251m

These four statements are supported by notes to the accounts, which provide supplementary information to aid the understanding of these statements.

The Statement of Accounts also contains information regarding the Pension Fund (see page 97), as Buckinghamshire County Council is the administering authority.

Revenue Income and Expenditure

The table below shows the revenue outturn position against the budgeted income and expenditure for 2010/11:

	Budget for year	Actual for Year	Variance for Year	Variance
Portfolios	£000	£000	£000	%
Leader	2,931	2,863	(68)	-2.3%
Deputy Leader	8,234	8,158	(76)	-0.9%
Adults & Family Wellbeing	113,750	113,316	(434)	-0.4%
Children & Young People	52,081	54,291	2,210	4.2%
Planning & Environment	21,209	20,941	(268)	-1.3%
Resources	30,555	29,627	(928)	-3.0%
Transportation	25,804	25,851	47	0.2%
Client Transport	20,005	19,997	(8)	0.0%
Subtotal - Portfolios	274,569	275,044	475	0.2%
Below The Line (Non Portfolio)				
Treasury Management and Capital Financing	28,808	26,896	(1,912)	-6.6%
Contingencies	5,724	1,281	(4,443)	-77.6%
Other Below the Line	140	2,450	2,310	1650.0%
Subtotal - Below the Line	34,672	30,627	(4,045)	-11.7%
Overall BCC	309,241	305,671	(3,570)	-1.2%
Financing				
Council Tax	(228,770)	(228,770)	-	0.0%
Area Based Grant	(21,771)	(21,796)	(25)	0.1%
Formula Grant	(59,551)	(59,551)	-	0.0%
Contribution to/(use of) Earmarked Reserves	(1,000)	(1,215)	(215)	21.5%
Contribution to/(use of) General Fund	1,855	5,661	3,806	205.2%
Subtotal Financing	(309,237)	(305,671)	3,566	-1.2%
Net Budget	4	-	(4)	

Although the above table shows a net contribution to the General Fund of £5.661m, the actual net increase in the General Fund Balance for the year was £6.516m. The difference is due to the surplus on cessation of the Swan Rider service, which is not included in the above figures.

Overall the Council spent £3.6m (1%) less than the net revenue budget of £309m. Against the revenue budget for Portfolios of £275m there is an overspend of £475k (0.2%) at the end of the year. Below the Line underspent by £4.045m (12%) against its budget of £35m.

Significant variances reported include:

- Children and Young People (£2.210m overspend) - much of the pressure within the service relates to Safeguarding. The overspending reflects the continuing financial pressures with Safeguarding, in particular, increased staffing, external placements, legal expenses and supervised contact arrangements all of which stem from increased activity levels. On average there were 365 looked after children at the end of each month during 2010/11 compared with an average of 343 in 2009/10 – an increase of 6.4
- Below the Line (£4.045m underspend) - not all of the Contingency budgets have been required in the current year. Most notably a £1m provision for the previous government's Free Personal Care initiative is not needed and a £1.8m allowance for changes to the grant funding regime was dealt with as part of the Emergency budget agreed by Council in August

Material Assets Acquired or Liabilities Incurred

There have been no material assets acquired or liabilities incurred during the year.

Significance of the Pensions Liability

The pension liability shows the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £278.256m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2012 is £20.559m.

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

This has the effect of reducing the Council's liabilities in the Pension Fund by £78.292m (this figure is already included in the total liability of £278.256m) and has been recognised as a past service gain in accordance with guidance set down in Urgent Issues Task Force (UITF) Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund.

Material and Unusual Charges or Credits in the Accounts

There was a material and unusual credit in the accounts of £78.292m due to a past service gain relating to the Council's liabilities in the Pension fund. This gain arose due to the decision to up-rate public service pensions in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) (see also previous paragraphs). This is shown in the Non Distributed Costs line on the Comprehensive Income and Expenditure Statement. There is a corresponding charge against unusable reserves to ensure that this entry does not impact on the General Fund.

Significant Changes in Accounting Policy

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

The following tables explain the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements.

Short Term Accumulating Compensated Absences

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the council. The most significant benefit covered by this heading is holiday pay.

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

The government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.

Accruing for short-term accumulating compensated absences has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Current Provision	-	(14,441)
Accumulated Absences Account	-	14,441

31 March 2010 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Current Provision	-	(16,499)
Accumulated Absences Account	-	16,499

2009/10 Comprehensive Income and Expenditure Statement	2009/10 Statements	Adjustments Made
	£000	£000
Central Services to the Public	669	(5)
Court Services	435	-
Cultural, Environmental, Regulatory and Planning Services	38,041	4
Education and Children's Services	101,328	1,990
Highways and Transport Services	37,462	6
Other Housing Services	504	2
Adult Social Care	114,732	57
Corporate and Democratic Core	6,739	4
Non Distributed Costs	3,193	-
	303,103	2,058

Leases

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease, or as a finance lease where it was previously treated as an operating lease.

The Council has seven property leases where the accounting treatment has changed following the introduction of the Code. The lease was previously classified as a finance lease, but under the Code, the land element of the lease has been classified as an operating lease.
As a consequence of classifying the land element of the leases as an operating lease, the financial statements have been amended as follows:

- The Council has de-recognised assets (the land)
- No corresponding liability has been derecognised because all properties have rentals payable of less than £1k per annum

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Property, Plant & Equipment	939,488	(3,424)
Unusable Reserves	(225,598)	3,424

31 March 2010 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Property, Plant & Equipment	961,620	(3,402)
Unusable Reserves	23,866	3,402

Government Grants and Contributions Deferred

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet.
- Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Capital Grants Deferred	(110,769)	110,769
Capital Contributions Deferred	(30,986)	30,986
Unusable Reserves	(225,598)	(141,755)

31 March 2010 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Capital Grants Deferred	(135,287)	135,287
Capital Contributions Deferred	(34,200)	34,200
Unusable Reserves	23,866	(169,487)

2009/10 Comprehensive Income and Expenditure Statement	2009/10 Statements	Adjustments Made
	£000	£000
Central Services to the Public	669	-
Court Services	435	-
Cultural, Environmental, Regulatory and Planning Services	38,041	263
Education and Children's Services	101,328	3,072
Highways and Transport Services	37,462	3,433
Other Housing Services	504	7
Adult Social Care	114,732	73
Corporate and Democratic Core	6,739	-
Non Distributed Costs	3,193	-
	303,103	6,848

Capital Grants Received in Advance

The Code Guidance Notes recommended that where grants and contributions were received in advance of expenditure taking place, and where grant conditions had yet to be met and sums remained potentially repayable, advances should have been recorded as creditors. Where authorities have followed this treatment the creditor balances were transferred to Capital Receipts in Advance and shown within the liabilities section when restating balances on an IFRS basis.

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Short Term Creditors	(131,105)	5,188
Capital Grants Receipts in Advance	-	(5,188)

31 March 2010 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Short Term Creditors	(142,125)	24,658
Capital Grants Receipts in Advance	-	(24,658)

Non Current Assets Held for Sale

Where assets meet the criteria to be classified as held for sale they shall be treated as either non-current assets or current assets dependent on meeting the respective definitions.

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Property, Plant & Equipment	939,488	(3,300)
Assets Held for Sale	-	3,300

31 March 2010 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Property, Plant & Equipment	961,620	(3,200)
Assets Held for Sale	-	3,200

Cash and Cash Equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Cash and Cash Equivalents	(1,060)	41,159
Short Term Investments	118,681	(41,159)

31 March 2010 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Cash and Cash Equivalents	5,681	25,630
Short Term Investments	144,931	(25,630)

Schools

The substance of transactions is not always represented by their legal or contractual form. For example, it is usually straightforward for authorities to ascertain whether or not they hold legal title on an item of property. However, in accounting terms the legal form is less important than the economic reality/substance of the transaction and the recognition of the asset would be governed by the indications that an authority controls the future economic benefits or service potential inherent in the property. Although the Council does not own the freehold to the majority of land and buildings relating to Voluntary Controlled Schools, it does in substance control the service potential associated with these assets. Voluntary Controlled Schools should therefore recognised on the Balance Sheet.

This has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Property, Plant & Equipment	939,488	64,003
Unusable Reserves	(225,598)	(64,003)

31 March 2010 Balance Sheet	2009/10 Statements	Adjustments Made
	£000	£000
Property, Plant & Equipment	961,620	64,003
Unusable Reserves	23,866	(64,003)

Major Changes in Statutory Functions and Future Developments in Service Delivery

There were no major changes in statutory functions during the year. Future developments in service delivery that may impact significantly on amounts reported in the Statement of Accounts in future years include:

- On 28th February 2011, the County Council's Cabinet decided that Energy from Waste was the best option to manage the County's waste, as they reaffirmed their decision to award preferred bidder status to Waste Recycling Group (WRG) with their facility at Greatmoor, near Calvert, north Buckinghamshire. This contract will have a significant borrowing cost impact and also represent a large saving on the cost of landfill over the contract life. Further details can be found at http://www.buckscc.gov.uk/bcc/waste/energy_from_waste_home.page
- The Academies Bill received Royal Assent on 27 July 2010. Schools that choose to become academies will no longer be under the control of the local education authority. The income and expenditure of these schools will no longer be shown within the Comprehensive Income and Expenditure Statement. The impact of this will depend on the number of schools that seek to convert to academy status.

Current Borrowing Facilities and Capital Borrowing

Net External Borrowing and the Capital Financing Requirement

This indicator records the extent that net external borrowing (gross external borrowing less investments) is less than the capital financing requirement. This is a key indicator of the Council's prudence in managing its capital expenditure and is designed to ensure that, over the medium term, external borrowing is only for a capital purpose. The values are measured at the end of the financial year. The figures for 2011/12 onwards are based on estimates:

	Actual 2009/10	2010/11	2011/12	2012/13	2013/14
	£000	£000	£000	£000	£000
Gross Borrowing	232,856	201,124	200,000	200,000	190,000
Investments	(154,055)	(155,000)	(155,000)	(155,000)	(145,000)
Net Borrowing	78,801	46,124	45,000	45,000	45,000
Capital Financing Requirement	235,480	238,406	228,858	219,940	211,379

During 2010/11 an additional £30m of external borrowing was re-paid.

Internal and External Sources of Funds for Capital Expenditure

Authorities can finance schemes in a variety of ways these include:

- The application of useable capital receipts
- A direct charge to revenue
- Application of a capital grant
- Contributions received from another party
- Borrowing

It is only the latter method that increases the Capital Financing Requirement (CFR) of the Council. No new borrowing is planned over the next three years.

Estimated capital expenditure for the next three years is shown below:

	2011/12	2012/13	2013/14
	£000	£000	£000
Estimates of expenditure	57,744	76,108	43,596

The authorised borrowing limit provides a maximum figure that the Council could borrow at any given point during each financial year. This limit can only be breached with the approval of the full Council:

	Actual 2009/10	2010/11	2011/12	2012/13	2013/14
	£000	£000	£000	£000	£000
Authorised limit for borrowing	285,779	285,000	230,000	230,000	230,000

The capital receipts currently available to finance future years' capital expenditure can be seen in the Movement in Reserves Statement (page 18) in the Capital Receipts Reserve.

The balance of Revenue Contributions to Capital can be seen in the Earmarked Reserves Statement (page 44)

Significant Provisions or Contingencies and Material Write-offs

In October 2008, the Icelandic bank Landsbanki went into administration. The Council had £5m deposited directly with Landsbanki. The value of the investment was subject to impairment in 2008/09 and 2009/10. However, regulations meant that during those two years there was no impact on the General Fund as a result of the impairment. In 2010/11, the protection offered by regulations expired and the total impairment to date of £1.255m relating to Landsbanki was charged to the General Fund.

Material Events After the Reporting Date

There were no material events after the reporting date.

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net (Increase) /Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Restated Figures:	General Fund Balance £000	Earmarked Schools Revenue Balances £000	Earmarked Schools Devolved Formula Capital £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Total Useable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2009	(21,998)	(16,041)	(8,828)	(34,116)	(24,278)	(105,261)	(413,514)	(518,775)
Movement in reserves during 2009/10								
(Surplus) or deficit on the provision of services	137	-	-	-	-	137	-	137
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	224,318	224,318
Total Comprehensive Income and Expenditure	137	-	-	-	-	137	224,318	224,455
Adjustments between accounting basis & funding basis under regulations (Note 7)	412	-	-	-	115	527	(527)	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	549	-	-	-	115	664	223,791	224,455
Transfers (to)/from Earmarked Reserves (Note 8)	2,449	2,410	(1,734)	(3,125)	-	-	-	-
(Increase) / Decrease in 2009/10	2,998	2,410	(1,734)	(3,125)	115	664	223,791	224,455
Balance at 31 March 2010 carried forward	(19,000)	(13,631)	(10,562)	(37,241)	(24,163)	(104,597)	(189,723)	(294,320)

	General Fund Balance £000	Earmarked Schools Revenue Balances £000	Earmarked Schools Devolved Formula Capital £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Total Useable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2010	(19,000)	(13,631)	(10,562)	(37,241)	(24,163)	(104,597)	(189,723)	(294,320)
Movement in reserves during 2010/11								
(Surplus) or deficit on the provision of services	(107,969)	-	-	-	-	(107,969)	-	(107,969)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(232,250)	(232,250)
Total Comprehensive Income and Expenditure	(107,969)	-	-	-	-	(107,969)	(232,250)	(340,219)
Adjustments between accounting basis & funding basis under regulations (Note 7)	90,438	-	-	-	(1,843)	88,595	(88,595)	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(17,531)	-	-	-	(1,843)	(19,374)	(320,845)	(340,219)
Transfers (to)/from Earmarked Reserves (Note 8)	11,015	566	2,479	(14,060)	-	-	-	-
(Increase) / Decrease in 2010/11	(6,516)	566	2,479	(14,060)	(1,843)	(19,374)	(320,845)	(340,219)
Balance at 31 March 2011 carried forward	(25,516)	(13,065)	(8,083)	(51,301)	(26,006)	(123,971)	(510,568)	(634,539)

The following table shows are summary of the earmarked reserves balances at the end of each year

	31 March 2011	31 March 2010
	£000	£000
Earmarked Schools Revenue Balances	(13,065)	(13,631)
Earmarked Schools Devolved Formula Capital	(8,083)	(10,562)
Earmarked General Fund Reserves	(51,301)	(37,241)
Total	(72,449)	(61,434)

Further details regarding the transactions and balances of earmarked reserves can be seen in Note 8 (page 44)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Restated 2009/10				2010/11		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
1,703	(1,039)	664	Central Services to the Public	1,579	(1,226)	353
435	-	435	Court Services	615	(113)	502
44,832	(6,524)	38,308	Cultural, Environmental, Regulatory and Planning Services	43,151	(5,171)	37,980
518,474	(412,084)	106,390	Education and Children's Services	501,090	(404,333)	96,757
48,214	(7,313)	40,901	Highways and Transport Services	41,513	(863)	40,650
6,800	(6,287)	513	Other Housing Services	5,981	(332)	5,649
162,159	(47,297)	114,862	Adult Social Care	153,988	(49,016)	104,972
7,541	(798)	6,743	Corporate and Democratic Core	5,867	(1,214)	4,653
2,889	304	3,193	Non Distributed Costs	1,024	(78,292)	(77,268)
793,047	(481,038)	312,009	Cost of Services	754,808	(540,560)	214,248
		-	Surplus or deficit of discontinued operations	-	-	-
414	(2,754)	(2,340)	Other operating expenditure (Note 9)	(3,993)	-	(3,993)
58,268	(30,390)	27,878	Financing and investment income and expenditure (Note 10)	62,510	(36,676)	25,834
-	(337,410)	(337,410)	Taxation and non-specific grant income (Note 11)	-	(344,058)	(344,058)
851,729	(851,592)	137	(Surplus) or Deficit on Provision of Services	813,325	(921,294)	(107,969)
		(11,544)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(12,384)
		-	(Surplus) or deficit on revaluation of available for sale financial assets			-
		236,107	Actuarial (gains)/losses on pension assets/liabilities			(219,866)
		(245)	Effect of prior year adjustment on Total Net Worth			-
		224,318	Other Comprehensive Income and Expenditure			(232,250)
		224,455	Total Comprehensive Income and Expenditure			(340,219)

The £78.292m income shown against Non Distributed Costs is explained in ‘Material and Unusual Charges or Credits in the Accounts’ (page 10).

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

Restated 1 April 2009	Restated 31 March 2010		Notes	31 March 2011
£000	£000			£000
996,790	1,019,021	Property, Plant & Equipment	12	1,054,647
-	-	Investment Property	13	-
2,390	2,991	Intangible Assets	14	3,674
44,950	17,316	Long Term Investments	15	3,753
31,161	29,772	Long Term Debtors	18	28,522
1,075,291	1,069,100	Long Term Assets		1,090,596
77,522	119,301	Short Term Investments	15	79,541
-	3,521	Temporary Loans	15	3,569
3,300	3,200	Assets Held for Sale	20	2,076
177	278	Inventories	16	495
32,944	36,044	Short Term Debtors	18	35,719
-	-	Available for Sale Financial Assets	15	13,565
40,099	31,311	Cash and Cash Equivalents	19	66,562
154,042	193,655	Current Assets		201,527
(1,820)	(4,333)	Short Term Borrowing	15	(3,848)
(11,207)	(7,061)	Temporary Loans	15	(8,039)
(125,917)	(117,467)	Short Term Creditors	21	(123,752)
(14,441)	(16,499)	Current Provisions	22	(16,730)
(153,385)	(145,360)	Current Liabilities		(152,369)
-	-	Long Term Creditors	15	-
(4,936)	(5,003)	Provisions	22	(5,286)
(235,457)	(231,124)	Long Term Borrowing	15	(199,392)
(502)	(188)	Finance Lease Liabilities	15	(37)
(311,090)	(562,102)	Pension Liability	47	(278,256)
(5,188)	(24,658)	Capital Grants Receipts in Advance	38	(22,244)
(557,173)	(823,075)	Long Term Liabilities		(505,215)
518,775	294,320	Net Assets		634,539
(105,261)	(104,597)	Usable Reserves	MiRS*	(123,971)
(413,514)	(189,723)	Unusable Reserves	24	(510,568)
(518,775)	(294,320)	Total Reserves		(634,539)

*MiRS - Movement in Reserves Statement (see page 18)

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Restated 2009/10 £000		2010/11 £000
137	Net (surplus) or deficit on the provision of services	(107,969)
(60,969)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	30,777
233	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	4,407
(60,599)	Net cash flows from Operating Activities (Note 25)	(72,785)
59,488	Investing Activities (Note 26)	6,732
9,899	Financing Activities (Note 27)	30,802
8,788	Net (increase) or decrease in cash and cash equivalents	(35,251)
40,099	Cash and cash equivalents at the beginning of the reporting period	31,311
31,311	Cash and cash equivalents at the end of the reporting period	66,562

1 - Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2003, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code) and the Best Value Accounting Code of Practice 2010/11 (BVACOP), supported by International Financial Reporting Standards (IFRS).

Accounting policies specific to the Pension Fund are set out in the Pension Fund accounts on page 97.

In both cases the accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Exceptional Items

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

1.5 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.6 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance by Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.7 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of two separate pension schemes:
- the Teachers' Pension Scheme
- the Local Government Pensions Scheme, administered by Buckinghamshire County Council

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:
- The liabilities of the Buckinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 1.9% (based on the yield on the iBoxx AA rated over 15 year corporate bond index as at 31 March 2011).
- The assets of Buckinghamshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - gains or losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
  - contributions paid to the Buckinghamshire County Council Pension Fund pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.8 Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.9 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

1.10 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.11 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council’s goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.12 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

1.13 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.14 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Accounting Code of Practice 2010/11 (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

1.15 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Where additions on any single suite of works falls below the de-minimis level of £10,000 this expenditure will be charged to revenue. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

Componentisation

Property, Plant and Equipment assets are recognised for componentisation as follows:

- New assets: when their cost is equal to or greater than £1,000,000
- Enhanced assets: when the net book value is equal to or greater than £1,000,000 and there is a minimum enhancement expenditure of £50,000 incurred on the item of Property, Plant and Equipment.
- Other existing assets: when the net book value, after revaluation, is equal to or greater than £1,000,000 as part of the five year rolling programme.

Separate components will only be recognised where the individual gross replacement cost of the component exceeds 10% of the gross replacement cost of the whole asset (with a minimum of £200,000) or the component cost is equal to or greater than £1,000,000.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Components

- Components of new assets will be valued at gross replacement cost.
- Components of assets enhanced or revalued, as part of the five year rolling programme, will be valued at gross replacement cost by the Quantity Surveyor. BCIS indices, provided by the Council's internal valuer, will be applied to the gross replacement cost to calculate the net book value of the component.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:
- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Assets valued at £50,000 or more have been valued in accordance with a five yearly valuation cycle by the Council's Internal Valuer in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institute of Chartered Surveyors (RICS).

This valuation includes all land and buildings valued at £50,000 or more, along with a large number of small pieces of highways land and woodland areas (approximately 520 acres), which, if assessed individually would be below the £50,000 threshold.

Some information has been obtained from existing records or site plans without a detailed site survey.

Where decreases in value are identified, they are accounted for by:
- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:
- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Where impairment is due to an individual component, it will be attached to that component. Where arising impairments relate to componentised assets are due to a decrease in market value of that asset, it will be applied on a pro-rata basis across each structural component (that excludes mechanical and electrical, fixed furniture and fittings and external features).

When a component is replaced, the carrying amount of the old component is derecognised and the new component reflected at cost in the carrying amount of the overall asset. Such recognition and derecognising takes place regardless of whether the replaced part has been depreciated separately. This accounting treatment is applicable to enhancement expenditure incurred from 1 April 2010.

The amount in the Revaluation Reserve for a component that has been separately accounted for will be eliminated when that component is replaced

Where a component that has not been separately accounted for is replaced, any revaluation reserve balances that relate to that component will be eliminated as part of the derecognising process.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Deprecation is calculated on the following bases:
- buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 40 years.
- Land is not depreciated
- Assets under Construction are not depreciated

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council’s underlying need to borrow (the capital financing requirement)]. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.16 Foundation Schools/VA Schools/VC Schools

The Schools Standards and Framework Act 1998 changed the status of Grant Maintained Schools to Foundation Schools maintained by the Local Education Authority. The change for funding purposes took effect from 1 April 1999. This change has resulted in the inclusion of balances within the Balance Sheet for current assets and liabilities controlled by Foundation Schools. However, the fixed assets and long term liabilities of Foundation Schools remain vested in the Governing Bodies and are not included in the Balance Sheet – see Note 12 to the financial statements.

In Buckinghamshire there are 20 Foundation Schools. In addition, the Council also has 37 voluntary aided schools (VA schools) and 34 voluntary controlled schools (VC schools). The Council owns some of the assets in relation to these schools but some of the assets are the property of another party (e.g. the diocese). The Council recognises the value of the assets it owns in relation to VA Schools in the Balance Sheet. All assets of VC Schools are recognised by the Council, even those it does not own, as the Council controls the service and economic potential of these assets

All capital expenditure on Foundation Schools and VA Schools assets that the Council does not own are treated as revenue expenditure funded from capital under statute.

1.17 Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The Council has not entered into any PFI transactions at 31 March 2011.

The Council has considered whether or not any similar transactions have been entered into. Both of the following criteria must be met for a transaction to be accounting for as a PFI type transaction:

- the local authority controls or regulates what services the operator must provide with the property, to whom it must provide them, and at what price; and where
- the local authority controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the property at the end of the term of the arrangement.

The Council has no property or other assets that meet both of the above criteria.

1.18 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Landfill Allowance Schemes

Landfill allowances, whether allocated by DEFRA or purchased from another Waste Disposal Authority (WDA) are recognised as current assets and are initially measured at fair value. Landfill allowances allocated by DEFRA are accounted for as a government grant.

After initial recognition, allowances are measured at the lower of cost and net realisable value.

As landfill is used, a liability and an expense are recognised. The liability is discharged either by surrendering allowances or by payment of a cash penalty to DEFRA (or by a combination). The liability is measured at the best estimate of the expenditure required to meet the obligation, normally the market price of the number of allowances required to meet the liability at the reporting date. However, where some of the obligation will be met by paying a cash penalty to DEFRA, that part of its liability is measured at the cost of the penalty.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Guarantees

Guarantees that the Council has made are only reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed.

1.19 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Section 25 of the Local Government Act 2003 requires the Head of Finance and Commercial Services to report to the Council on the robustness of estimates and adequacy of reserves implicit in each year's budget proposals. The County Council considers this report each February as part of the budget setting process. A risk assessment has been undertaken to determine the level of non-earmarked reserves.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.20 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

1.21 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.22 Interests in Companies and Other Entities

The Income and Expenditure Account reflects all of the Council's revenue activities. The Balance Sheet has been prepared by aggregating the account balances of all the Council's services and funds, and by eliminating all internal transactions between funds.

The Council has considered whether or not Group Accounts should be prepared and has concluded that it has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and would require the Council to prepare group accounts.

There is however a supplementary financial statement in regard to Trust Funds which are administered by the Council as corporate trustee or as the designated treasurer.

The Council is invited to appoint Members to many entities of local, regional and national significance. These appointments have been examined, together with members' own declaration of interests, and reported related parties. No material reportable interests were identified. Minority interests in companies and involvement in partnerships are reported in Note 16 to the financial statements

2 - Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

For the 2011/12 Statement of Accounts onwards, Authorities shall account for tangible heritage assets in accordance with FRS 30 Heritage Assets. Heritage assets will be presented as a separate class of asset. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

The Council currently has seven assets classified as Community Assets that it will reclassify as Heritage Assets in 2011/12:

Brill Windmill

Brill Windmill represents one of the most ancient and valuable post mills in the country. Situated on a hill top position in Brill, the mill is a major landmark in Buckinghamshire and an important reminder of what was once a common feature of the British landscape.

Cholesbury Camp

Cholesbury Camp is a large 'multivallate' hill-fort on the borders of Buckinghamshire and Hertfordshire.

Coombe Hill Monument

The monument commemorates those lost during the Boer War and stands at the summit of Coombe Hill.

Gott's Monument

Gott's Monument on the corner of Micholls Avenue and Chesham Lane bears an inscription '1785' as part of a milestone to Newland, Chesham, Denham, Uxbridge and London.

Kederminster Library and Pew

This collection of 300 theological works came to us in 1945, as part of a purchase of 'Green Belt' land at Langley, in south Buckinghamshire. The Library is still housed in the highly-ornate room at St Mary's Church, Langley Marish, provided by Sir John Kederminster in 1623.

The John Hampden Memorial

This monument, in memory of John Hampden a local landowner, faces the Hampden Valley on which he refused to pay Ship Money to King Charles I which led to the English Civil War (1642-8).

Whiteleaf Cross and Woods

The chalk hill-figure of Whiteleaf Cross has dominated the local landscape for several centuries, becoming a cultural focus associated with many aspects of local life. It was first officially noted by Francis Wise in 1742, but its full history is unknown and is the subject of much local speculation and folklore.

The carrying amount of all of these assets is zero. It is not expected that there will be any revaluation gains to be recognised on reclassification, nor changes in depreciation or impairment to be recognised.

3 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has £5m deposited with Landsbanki which is in administration. BCC has assumed that it will be a priority creditor (see page 91)
- The Council has determined that it has sufficient control over the assets of Voluntary Controlled schools that they should be recognised on the Council's Balance Sheet. The impact of this decision is shown in Significant Changes in Accounting Policy (under the heading Schools - see page 15)

4 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Depreciation (and amortisation of intangible assets)	Useful lives of assets are estimated. The Council relies on the expertise of a qualified internal valuer to provide these estimates based on his professional opinion and experience.	Any increase or decrease in useful lives will affect the level of depreciation and the carrying value of the assets. Since each asset has a different remaining useful life, it is not practicable to quantify the potential impact of any changes on the figures that appear in the Statement of Accounts
Valuations / Impairments	Valuations and impairments are arrived at by a qualified internal valuer based on the latest guidance from the Royal Institute of Chartered Surveyors. Actual values may be higher or lower depending on variations in market conditions.	Impracticable to quantify - assumptions are standard recommended practice for valuation of properties
Pensions Liability	The valuation of the liability is based on a number of assumptions (see page 84)	The value of the liability may increase/decrease, but this is impracticable to quantify
Accruals of Income and Expenditure	Where exact amounts are not know, Cost Centre Managers will make an estimate of the amount to accrue	Unlikely to be significant as over and under estimates are likely to cancel each other out on average
Recharging of Overheads	Overheads are recharged based on appropriate cost drivers.	No effect on the bottom line figures. Errors in estimates unlikely to be significant and will only affect allocation between service headings

This list does not include assets and liabilities that have are carried at fair value based on a recently observed market price

5 - Material Items of Income and Expense Not Disclosed in Other Notes to the Core Financial Statements

Minimum Revenue Provision (MRP)

The Council is required to set aside a minimum amount from revenue for the repayment of debt. The amount set aside is calculated on the following basis:

- Debt relating to capital expenditure incurred prior to 1 April 2008 will be calculated broadly on the basis of 4% of the Council's Capital Financing Requirement
- Debt relating to capital expenditure incurred from 1 April 2008 will be calculated broadly on the annuity asset life method. The MRP charge in relation to this expenditure will apply from the year following the year in which the fixed asset becomes operational

The MRP charge for 2010/11 is £9.185m net (£9.573m net for 2009/10). The amount charged to services as depreciation is reversed in the Statement of Movement on the General Fund Balance and replaced by the MRP.

6 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance and Commercial Services on 30 June 2011. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7 - Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

	Usable Reserves		
	General Fund Balance £000	Capital Receipts Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non-current assets	(26,870)	-	26,870
Revaluation losses on Property, Plant and Equipment	-	-	
Amortisation of intangible assets	(1,226)	-	1,226
Capital grants and contributions applied	33,034	-	(33,034)
Revenue expenditure funded from capital under statute	(7,698)	-	7,698
Writedown of grants relating to Revenue Expenditure Funded from Capital Under Statute	5,774	-	(5,774)
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,639)	-	3,639
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Statutory provision for the financing of capital investment (minimum revenue provision)	9,185	-	(9,185)
Capital expenditure financed from the General Fund	5,101	-	(5,101)
Voluntary minimum revenue provision	1,961	-	(1,961)
Adjustments primarily involving the Capital Receipts Reserve:			
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	8,046	(8,046)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	6,564	(6,564)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	(361)	361
Adjustments primarily involving the Financial Instruments Adjustment Account:			
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	644	-	(644)
Adjustments primarily involving the Pension Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 24)	41,477	-	(41,477)
Employer’s pensions contributions and direct payments to pensioners payable in the year	22,503	-	(22,503)
Adjustments primarily involving the Collection Fund Adjustment Account:			
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	907	-	(907)
Adjustments primarily involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,239	-	(1,239)
Total Adjustments	90,438	(1,843)	(88,595)

Comparative figures for 2009/10

Restated Figures:	Usable Reserves: General Fund Balance £000	Usable Reserves: Capital Receipts Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non-current assets	(22,756)	-	22,756
Revaluation losses on Property, Plant and Equipment	(14,546)	-	14,546
Amortisation of intangible assets	(952)	-	952
Capital grants and contributions applied	34,579	-	(34,579)
Revenue expenditure funded from capital under statute	(3,269)	-	3,269
Writedown of grants relating to Revenue Expenditure Funded from Capital Under Statute	1,514	-	(1,514)
Amounts of non-current assets written off on disposal as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,521)	-	2,521
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Statutory provision for the financing of capital investment (minimum revenue provision)	9,573	-	(9,573)
Capital expenditure financed from the General Fund	8,822	-	(8,822)
Voluntary minimum revenue provision	1,961	-	(1,961)
Adjustments primarily involving the Capital Receipts Reserve:			
Transfer of cash sale proceeds credited as part of the (gain)/loss on disposal to the Comprehensive Income and Expenditure Statement	5,275	(5,275)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	5,731	(5,731)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	(341)	341
Adjustments primarily involving the Financial Instruments Adjustment Account:			
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(346)	-	346
Adjustments primarily involving the Pension Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 24)	(42,436)	-	42,436
Employer's pensions contributions and direct payments to pensioners payable in the year	27,531	-	(27,531)
Adjustments primarily involving the Collection Fund Adjustment Account:			
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	41	-	(41)
Adjustments primarily involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,058)	-	2,058
Total Adjustments	412	115	(527)

8 - Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2010/11.

	Balance at 1 April 2009	Transfers Out 2009/10	Transfers In 2009/10	Balance at 31 March 2010	Transfers Out 2010/11	Transfers In 2010/11	Balance at 31 March 2011
	£000	£000	£000	£000	£000	£000	£000
Earmarked General Fund Reserves							
A - Revenue Contribution to Capital	(13,540)	8,260	(10,040)	(15,320)	11,945	(18,393)	(21,768)
B - Doubtful Debt Reserve	(2,241)	896	(113)	(1,458)	-	(14)	(1,472)
C - Priority Spend	(1,870)	419	(58)	(1,509)	103	(71)	(1,477)
D - LPSA Reserve	(2,574)	6,289	(5,782)	(2,067)	1,000	-	(1,067)
E - LSC Reserve	(1,590)	664	-	(926)	326	-	(600)
F - Efficiency Fund and SALIX	(1,904)	288	(709)	(2,325)	1,222	(634)	(1,737)
G - Commuted Sums	(356)	103	(170)	(423)	82	(123)	(464)
H - Fleet Renewals	(1,098)	277	(853)	(1,674)	1,925	(572)	(321)
I - Insurance	(2,642)	-	(678)	(3,320)	290	(446)	(3,476)
J - Election Expenses	(312)	326	(81)	(67)	-	(91)	(158)
K - Transformation	(1,162)	1,263	(258)	(157)	-	(153)	(310)
L - Social Care Placement	(673)	1,053	(1,774)	(1,394)	391	(2,941)	(3,944)
M - IT Development	(587)	387	-	(200)	50	(20)	(170)
N - Car Leasing	(596)	-	(88)	(684)	5	-	(679)
O - Youth Offending Service	(71)	-	-	(71)	19	(55)	(107)
P - PC Renewals	(422)	1,593	(1,834)	(663)	2,525	(2,685)	(823)
Q - Waste	-	-	(2,227)	(2,227)	-	(5,888)	(8,115)
AA - Other	(2,478)	2,749	(3,027)	(2,756)	1,739	(3,596)	(4,613)
Subtotal	(34,116)	24,567	(27,692)	(37,241)	21,622	(35,682)	(51,301)
Earmarked for Schools							
AB - Earmarked Schools Revenue Balances	(16,041)	27,813	(25,403)	(13,631)	16,942	(16,376)	(13,065)
AB - Earmarked Schools Devolved Formula Capital	(8,828)	8,828	(10,562)	(10,562)	10,562	(8,083)	(8,083)
Subtotal	(24,869)	36,641	(35,965)	(24,193)	27,504	(24,459)	(21,148)
Total	(58,985)	61,208	(63,657)	(61,434)	49,126	(60,141)	(72,449)

A) The Revenue Contribution to Capital Reserve is used for the financing of capital expenditure. The balance represents amounts set aside to fund future capital schemes.

B) The Doubtful Debt Reserve relates to the amounts that the Council is setting aside to mitigate the risk of bad debts.

C) The Priority Spend Reserve is to help address urgent Council budget priorities.

D) The Local Public Service Agreement (LPSA) reserve has been set up to set aside monies earned in reward grant that relates to 2008/09 but are earmarked to be spent in future years.

E) The LSC reserve is used as a mechanism for equalising under and overspends on the adult learning budgets. These budgets are monitored on an academic year basis rather than on the Council's financial year.

F) Portfolios may call on the Efficiency Fund to finance initial expenditure on projects that will lead to longer-term savings.

G) The Commuted Sums Reserve is made up of payments from private developers to compensate the Council for additional costs incurred in maintaining infrastructure facilities associated with new developments.

H) The Fleet Renewals Reserve is used for the financing of capital expenditure. The balance represents amounts set aside to fund future vehicles purchases.

I) The Insurance Reserve relates to the estimated liabilities in respect of insurance claims not yet notified.

J) The Election Expenses Reserves has been set up to fund the expenses for the full Council elections which occur every four years.

K) The Transformation Reserve has been created to fund upfront work required to achieve future savings resulting from the Council's service transformation activities.

L) The Social Care Placement Reserve has been set up to create suitable placements for adult social care clients through the support of innovative and cost effective schemes such as supported living, extra care and through securing nomination rights to accommodation in community developments.

M) The IT Development Reserve is used to fund future IT developments.

N) The Car Leasing Reserve covers the cost of administration, insurance and relief vehicles.

O) The Youth Offending Service Reserve holds partnership funding from the Police, Probation Service, Health, Education and Social Services to provide support to offenders.

P) The PC Renewals Reserve is used for the financing of capital expenditure. The balance represents amounts set aside to fund future purchases of computers, software licences and servers.

Q) The Waste Reserve has been set up to provide funding for future years projects relating to waste disposal

AB) The General Fund Reserve for Schools contains the balances held by schools under delegated schemes that are ring-fenced.

Further details of the balances earmarked for schools are shown in the table below:

	Balance at 31 March 2010	Balance at 31 March 2011
Devolved Formula Capital carried forward	(10,562)	(8,083)
Supluses carried forward	(15,007)	(14,066)
Deficits carried forward	1,376	1,001
Total	(24,193)	(21,148)

9 - Other Operating Expenditure

2009/10		2010/11
£000		£000
(2,754)	(Gain)/losses on the disposal of non-current assets	(4,407)
414	Levies	414
(2,340)	Total	(3,993)

10 - Financing and Investment Income and Expenditure

2009/10		2010/11
£000		£000
14,326	Interest payable and similar charges	14,503
43,942	Pensions interest cost	48,007
(22,917)	Expected return on pensions assets	(33,818)
(7,473)	Interest receivable and similar income	(2,853)
-	Impairment of financial assets	(5)
27,878	Total	25,834

11 - Taxation and Non Specific Grant Income

Restated 2009/10		2010/11
£000		£000
(223,716)	Council Tax income	(229,677)
(47,718)	National Non Domestic Rates	(52,000)
(11,014)	Revenue Support Grant	(7,551)
(20,383)	Non-ringfenced government grants	(21,796)
(34,579)	Capital grants and contributions	(33,034)
(337,410)	Total	(344,058)

12 - Property Plant and Equipment

Movements on Balances

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation							
At 1 April 2010	813,451	20,096	263,263	-	1,383	30,509	1,128,702
additions	32,037	2,602	16,298	-	-	1,528	52,465
revaluation increases/(decreases) recognised in the Revaluation Reserve	9,622	-	-	-	-	-	9,622
revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
derecognition - disposals	(1,332)	(2,104)	-	-	-	-	(3,436)
derecognition - other	-	-	-	-	-	-	-
assets reclassified (to)/from Held for Sale	(37)	-	-	-	-	-	(37)
other movements in cost or valuation	25,769	-	12	-	-	(25,781)	-
At 31 March 2011	879,510	20,594	279,573	-	1,383	6,256	1,187,316
Accumulated Depreciation and Impairment							
At 1 April 2010	(79,562)	(8,798)	(21,236)	-	(85)	-	(109,681)
depreciation charge	(13,479)	(3,567)	(7,513)	-	(11)	-	(24,570)
depreciation written out to the Revaluation Reserve	2,704	-	-	-	-	-	2,704
depreciation written out to the Surplus/Deficit on the Provisions of Services	-	-	-	-	-	-	-
impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(2,269)	-	-	-	-	-	(2,269)
derecognition - disposals	44	1,103	-	-	-	-	1,147
derecognition - other	-	-	-	-	-	-	-
other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2011	(92,562)	(11,262)	(28,749)	-	(96)	-	(132,669)
Net Book Value							
as at 31 March 2011	786,948	9,332	250,824	-	1,287	6,256	1,054,647
as at 31 March 2010	733,889	11,298	242,027	-	1,298	30,509	1,019,021

Comparative Movements in 2009/10

Restated **Figures:**	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation							
At 1 April 2009	799,783	18,087	253,007	-	-	14,706	1,085,583
additions	17,418	1,938	10,256	-	-	20,926	50,538
revaluation increases/(decreases) recognised in the Revaluation Reserve	8,886	22	-	-	-	-	8,908
revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(14,546)	-	-	-	-	-	(14,546)
derecognition - disposals	(902)	(294)	-	-	-	-	(1,196)
derecognition - other	-	-	-	-	-	-	-
assets reclassified (to)/from Held for Sale	(1,968)	-	-	-	1,383	-	(585)
other movements in cost or valuation	4,780	343	-	-	-	(5,123)	-
At 31 March 2010	813,451	20,096	263,263	-	1,383	30,509	1,128,702
Accumulated Depreciation and Impairment							
At 1 April 2009	(69,098)	(5,716)	(13,979)	-	-	-	(88,793)
depreciation charge	(12,282)	(3,217)	(7,257)	-	-	-	(22,756)
depreciation written out to the Revaluation Reserve	1,667	-	-	-	-	-	1,667
depreciation written out to the Surplus/Deficit on the Provisions of Services	-	-	-	-	-	-	-
impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
derecognition - disposals	32	135	-	-	-	-	167
derecognition - other	119	-	-	-	(85)	-	34
other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2010	(79,562)	(8,798)	(21,236)	-	(85)	-	(109,681)

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings - 5 - 64 years
- Vehicles, Plant and Equipment - 1 - 16 years
- Infrastructure - 31 - 40 years
- Surplus Assets - 15 - 58 years

Capital Commitments

At 31 March 2011, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2011/12 and future years budgeted to cost £3.347m. Similar commitments at 31 March 2010 were £7,427m. The major commitments are:

- Cressex Community School - £0.421m
- Merryfields - £0.416m
- Prestwood Lodge - £0.582m
- Verney Avenue - £1.385m
- Blueprint - £0.543m

Effects of Changes in Estimates

As a result of the implementation of IFRS, the Council has updated its accounting policy regarding componentisation. Although this has not had a material effect in this financial year, it may have a more significant effect in future years, as more properties are componentised upon revaluation.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values are:

- It is assumed, unless otherwise stated, that the title to the properties is free from onerous and unusual restrictions
- No structural surveys or detailed structural inspections have been carried out for asset valuation purposes. Where they are available, departmental records relating to state of repair have been taken into account and reflected in the valuations
- It is assumed that properties are not, nor are likely to be affected by land contamination and that there are no adverse ground conditions which would affect the present or future use of the properties
- It was not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used on the construction of any property, or has since been incorporated. It was assumed that such investigation would not disclose the presence of any such material to any significant extent
- No investigations have been carried out to determine whether the site has a history of instability. It was assumed that such investigation would not disclose the presence of any such problems

The following table shows the progress of the Council's five year rolling programme for the revaluation of fixed assets. The valuations are carried out by an internal valuer, Ken Oldknow (BSc MRICS). The valuations have been verified by Graham Morely, the Strategic Property Group Manager. The date effective date of valuation for the current year was 1 April 2010.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000
Carried at historical cost		11,298	242,027		
valued at fair value as at:					
31 March 2007	440,518	-	-	-	9,051
31 March 2008	10,082	-	-	-	19,356
31 March 2009	61,328	-	-	-	-
31 March 2010	65,486	-	-	-	1,228
31 March 2011	102,308				-
Total Cost or Valuation	679,722	11,298	242,027	-	29,635

Measurement Bases

The following measurement bases are used for each category of Property, Plant and Equipment:

- Infrastructure, Community Assets, Assets Under Construction and Vehicles, Plant and Equipment - Depreciated historic cost
- Other land and buildings - fair value based on existing use value (EUV) or depreciated replacement cost (DRC) is EUV cannot be determined

Foundation Schools

The total value of Foundation Schools within Buckinghamshire was £165,434m as at 31 March 2011 (£161,194 as at 31 March 2010).

Construction Contracts

As at the Balance Sheet date, the Council had no construction contracts.

13 - Investment Properties

As at the Balance Sheet date, the Council did not hold any investment properties. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

14 - Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are between 1 and 6 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1,226m charged to revenue in 2010/11 was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2010/11 Intangible Assets £000	2009/10 Intangible Assets £000
Balance at start year:		
■ Gross carrying amounts	4,997	3,444
■ Accumulated amortisation	(2,006)	(1,054)
Net carrying amount at start of year		
Additions:		
■ Purchases	1,909	1,553
Amortisation for the period	(1,226)	(952)
Net carrying amount at end of year	3,674	2,991
Comprising:		
■ Gross carrying amounts	6,906	4,997
■ Accumulated amortisation	(3,232)	(2,006)
	3,674	2,991

15 - Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
N.B. **Prior year comparators are restated**	£000	£000	£000	£000
Investments				
Cash and Cash Equivalents	-	-	66,562	31,311
Temporary Loans	-	-	3,569	3,521
Investments	3,753	17,316	79,541	119,301
Available-for-sale finacial assets	-	-	13,565	-
Unquoted equity investment at cost	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-
Total investments	3,753	17,316	163,237	154,133
Debtors				
Loans and receivables	28,522	29,772	35,719	36,044
Financial assets carried at contract amounts		-		-
Total Debtors	28,522	29,772	35,719	36,044
Less statutory items to be excluded				
Payments in advance	-	-	(1,906)	(1,906)
Collection Fund adjustment	-	-	(3,171)	(2,510)
HMRC	-	-	(4,018)	(3,878)
Total to be deducted from loans and receivables	-	-	(9,095)	(8,294)
Total value of assets	32,275	47,088	189,861	181,883
Borrowings				
Temporary Loans	-	-	(8,039)	(7,061)
Financial liabilities at amortised cost	(199,392)	(231,124)	(3,848)	(4,333)
Financial liabilities at fair value through profit and loss	-	-	-	-
Total borrowings	(199,392)	(231,124)	(11,887)	(11,394)
Other Long Term Liabilities				
PFI and finance lease liabilities	(37)	(188)		
Total other long term liabilities	(37)	(188)		
Creditors				
Financial liabilities at amortised cost	-	-	(123,752)	(117,467)
Financial liabilities carried at contract amount	-	-		-
Total creditors	-	-	(123,752)	(117,467)
Less statutory items to be excluded				
Receipts in advance and deferred income	-	-	44,156	53,031
Collection Fund adjustment	-	-	2,223	2,469
HMRC	-	-	5,782	5,459
Total to be deducted from liabilities	-	-	52,161	60,959
Total value of liabilities	(199,429)	(231,312)	(83,478)	(67,902)

Income, Expense, Gains and Losses

	Financial Liabilities measured at amortised cost £000	Financial Assets: Loans and receivables £000	Financial Assets: Available for sale £000	Assets and Liabilities at Fair Value through Profit and Loss	Total £000
Interest expense	(13,864)	-	-	-	(13,864)
Losses on derecognition	-	-	-	-	-
Reductions in fair value	-	-	-	-	-
Impairment losses	(771)	-	-	-	(771)
Fee expense	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	(14,635)	-	-	-	(14,635)
Interest income	-	2,579	24	-	2,603
Interest income accrued on impaired financial assets	-	-	-	-	-
Increases in fair value	-	-	-	-	-
Gains on derecognition	-	-	-	-	-
Fee income	-	-	-	-	-
Total income in Surplus or Deficit on the Provision of Services	-	2,579	24	-	2,603
Gains on revaluation	-	-	-	-	-
Losses on revaluation	-	-	-	-	-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	-	-	-
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-
Net gain/(loss) for the year	(14,635)	2,579	24	-	(12,032)

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions

- The fair value of PWLB loans as at 31 March 2010 is the repayment cost as calculated using the relevant interest rates as at 31 March 2010. The fair value of PWLB loans as at 31 March 2011 is the repayment cost calculated using the repayment interest rates at 31 March 2011. The relevant interest rates are published on the Debt Management Office website
- The fair value of the LOBOs are based on calculations using the market interest rates available for similar loans from similar lenders at the 31 March 2011
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount less the provision for bad debt

The fair values calculated are as follows:

	31 March 2011		31 March 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Financial liabilities	(282,907)	(335,188)	(299,214)	(357,480)
Long-term creditors	-	-	-	-

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

	31 March 2011		31 March 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Loans and receivables	193,614	193,831	199,199	204,397
Long-term debtors	28,522	28,522	29,772	29,772

The fair value is higher than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above current market rates increases the amount that the Council would receive if it agreed to early repayment of the loans.

16 - Inventories

31 March 2010 £000		31 March 2011 £000
137	Salt	403
51	ICT Network Equipment	41
40	Stock Held at Thrift Farm	37
36	Schools Installation ICT Equipment	1
14	Other ICT Equipment	13
278	Total	495

17 - Landfill Allowances

The Waste and Emissions Trading Act 2003 places a duty on waste disposal authorities to reduce the amount of biodegradable municipal waste (BMW) disposed to landfill. From 1 April 2005 it introduced a trading scheme, which allocates tradable landfill allowances. Each year the tonnage figures are based on estimated usage for the final quarter of the year: the opening balance has been adjusted to reflect the final position for the previous year. In 2007/08 the value of trading allowances dropped to £0 per tonne. In 2010/11 there was still limited trading and The Council continues to value its allowances at £0 per tonne.

	31 March 2011 Tonnes	Restated 31 March 2010 Tonnes
Allowances brought forward from previous year	-	-
Allowances received from DEFRA	90,685	102,044
Allowances purchased	7,000	-
Allowances used	(94,622)	(95,021)
Expired allowances not carried forward	-	(7,023)
Total	3,063	-

18 - Debtors

Short-term Debtors

	31 March 2011 £000	31 March 2010 £000
Central government bodies	10,221	7,731
Other local authorities	2,248	4,578
Collection Fund adjustment	3,171	2,510
Sundry debtors	18,526	19,521
Payments in advance	1,906	1,906
Car loans to employees	157	180
Total	36,229	36,426
Provision for doubtful debts (Note 23)	(510)	(382)
Total Short Term Debtors	35,719	36,044

Long Term Debtors

	31 March 2011	31 March 2010
	£000	£000
Reprovisioning of social care	22,201	22,877
Finance lease debtors	4,780	5,187
Other Adult Social Care long term debt	933	998
Learning and Skills Council	595	695
Right to buy mortgages and other loans	13	15
Total Long Term Debtors	28,522	29,772

19 - Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

Restated 31 March 2010		31 March 2011
£000		£000
5,681	Bank current accounts	29,508
25,630	Short-term deposits	37,054
31,311	Total Cash and Cash Equivalents	66,562

20 - Assets Held for Sale

	2010/11	Restated 2009/10
	£000	£000
Balance outstanding at start year:	3,200	3,300
Assets newly classified as held for sale:		
■ Property, Plant and Equipment	213	1,850
■ Intangible Assets	-	-
■ Other assets/liabilities in disposal groups	-	-
Revaluation losses	-	-
Revaluation gains	58	969
Depreciation	(31)	-
Assets declassified as held for sale:		
■ Property, Plant and Equipment	(176)	(1,299)
■ Intangible Assets	-	-
■ Other assets/liabilities in disposal groups	-	-
Assets sold	(1,350)	(1,587)
Transfers from non-current to current	-	-
Other movements	162	(33)
Balance outstanding at year end	2,076	3,200

21 - Creditors

	31 March 2011	31 March 2010
	£000	£000
HM Revenue and Customs	(5,782)	(5,459)
Central government bodies	(4,814)	(853)
Other local authorities	(5,260)	(4,726)
Collection Fund adjustment	(2,223)	(2,469)
Deposits from contractors and others	(6,031)	(2,404)
Other sundry creditors	(51,873)	(39,984)
Receipts in advance and deferred income	(44,156)	(53,031)
Capital expenditure creditors	(3,613)	(8,541)
Total	(123,752)	(117,467)

22 - Provisions

	Current Provisions		Long Term Provisions		
	Redundancy and Pension Strain	Accumulated Absences	Insurance	Social Services	Total
	£000	£000	£000	£000	£000
Restated Balance at 1 April 2010	-	(16,499)	(4,903)	(100)	(5,003)
Additional provisions made in 2010/11	(1,470)	(15,260)	(417)	-	(417)
Amounts used in 2010/11	-	-	134	-	134
Unused amounts reversed in 2010/11	-	16,499	-	-	-
Unwinding of discounting in 2010/11	-	-	-	-	-
Balance at 31 March 2011	(1,470)	(15,260)	(5,186)	(100)	(5,286)

The following provisions have been made as at 31 March 2011:

Current Provisions

- Redundancy and Pension Strain - the Council has an obligation to make these payments to employees who are made redundant. A provision is recognised when a redundancy plan is reasonably certain and the amount can be reasonably estimated. The amount recognised in 2010/11 would be expected to be used in 2011/12
- Accumulated Absences - a provision is made for the cost of holiday entitlement earned by employees but not taken before the year end which employees can carry forward into the next financial year. The balance as at 31 March 2011 is expected to be reversed in 2011/12

Long Term Provisions

- Insurance - these exist for meeting claims under a self-insurance scheme. There are cumulative limits to these, above which claims will be met by the Council's insurers. These cover areas of insurance such as motor, fire, maternity cover and employees. In addition a provision is maintained for possible liabilities following the Municipal Mutual Insurance ceasing to undertake new business. The level of the insurance provision has been determined by the Council's risk and insurance department based on claims records. The timing of the outflows is uncertain.
- Social Services - this has been set up to cover costs of potential claims under Section 117 of the Mental Health Act. The timing of the outflows in uncertain.

23 - Provision for Doubtful Debt

An impairment review of debtors was carried out in during the year. A risk evaluation based on the value and types of debt was carried out to determine which debts to individually assess and for which a corporate provision could be made.

	31 March 2011	31 March 2010
	£000	£000
Debts assessed individually requiring impairment	(510)	(382)
Debts provided corporately requiring impairment	-	-
Total	(510)	(382)

24 - Unusable Reserves

2009/10		2010/11
£000		£000
(49,100)	Revaluation Reserve	(59,899)
(717,087)	Capital Adjustment Account	(740,859)
3,527	Financial Instruments Adjustment Account	2,883
(5,623)	Deferred Capital Receipts Reserve	(5,261)
562,102	Pensions Reserve	278,256
(41)	Collection Fund Adjustment Account	(948)
16,499	Accumulated Absences Account	15,260
(189,723)	Total Unusable Reserves	(510,568)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2009/10			2010/11
£000			£000
(38,296)	Balance at 1 April		(49,100)
(12,827)	Upward revalution of assets	(12,384)	
1,283	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	
(11,544)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(12,384)
327	Difference between fair value depreciation and historical cost depreciation	695	
413	Accumulated gains on assets sold or scrapped	890	
(10,804)	Amount written off to the Capital Adjustment Account		1,585
(49,100)	Balance at 31 March		(59,899)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Restated 2009/10 £000			2010/11 £000
(698,189)	Balance at 1 April		(717,087)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
22,756	■ Charges for depreciation and impairment of non-current assets	26,870	
14,547	■ Revaluation losses on Property, Plant and Equipment	-	
952	■ Amortisation of intangible assets	1,226	
1,754	■ Revenue expenditure funded from capital under statute	1,924	
2,616	■ Amounts on non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,639	
42,625			33,659
	Adjusting amounts written out of the Revaluation Reserve		
(740)	Net written out amount of the cost of non-current assets consumed in the year	(1,586)	
	Capital financing applied in the year:		
(5,848)	■ Use of the Capital Receipts Reserve to finance new capital expenditure	(6,564)	
(34,579)	■ Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(33,034)	
(9,573)	■ Statutory provision for the financing of capital investment charged against the General Fund balance	(9,185)	
(1,961)	■ Statutory provision for the financing of capital investment charged against the General Fund balance	(1,961)	
(8,822)	■ Capital expenditure financed from the General Fund	(5,101)	
(61,523)			(57,431)
(717,087)	Balance at 31 March		(740,859)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the balance on the Account at 31 March 2011 will be charged to the General Fund over the next 21 years.

2009/10			2010/11
£000			£000
3,181	Balance at 1 April		3,527
	Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	771	
(122)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(160)	
468	Impairment losses relating to Icelandic investments	(1,255)	
346			(644)
-	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		-
3,527	Balance at 31 March		2,883

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of noncurrent assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2009/10		2010/11
£000		£000
(5,964)	Balance at 1 April	(5,623)
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehenisve Income and Expenditure Statement	1
341	Transfer to the Capital Receipts Reserve upon receipt of cash	361
(5,623)	Balance at 31 March	(5,261)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2009/10 £000		2010/11 £000
311,090	Balance at 1 April	562,102
236,107	Actuarial gains or losses on pensions assets and liabilities	(219,866)
42,436	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(41,477)
(27,531)	Employer's pension contributions and direct payments to pensioners payable in the year	(22,503)
562,102	Balance at 31 March	278,256

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2009/10 £000		2010/11 £000
245	Balance at 1 April	(41)
(286)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(907)
(41)	Balance at 31 March	(948)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Restated 2009/10 £000			2010/11 £000
14,440	Balance at 1 April		16,499
(14,440)	Settlement or cancellation of accrual made at the end of the preceding year	(16,499)	
16,499	Amounts accrued at the end of the current year	15,260	
2,059	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(1,239)
16,499	Balance at 31 March		15,260

25 - Cash Flow Statement - Operating Activities

The cash flows for operating activities includes the following items:

2009/10 £000		2010/11 £000
(7,473)	Interest received	(4,837)
14,326	Interest paid	14,109

26 - Cash Flow Statement - Investing Activities

Restated 2009/10 £000		2010/11 £000
51,030	Purchase of property, plant and equipment, investment property and intangible assets	54,536
861,421	Purchase of short-term and long-term investments	1,126,419
-	Other payments for investing activities	-
(5,275)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,046)
(847,688)	Proceeds from short-term and long-term investments	(1,166,177)
-	Other receipts from investing activities	-
59,488	Net cash flows from investing activities	6,732

27 - Cash Flow Statement - Financing Activities

Restated 2009/10 £000		2010/11 £000
(183)	Cash receipts of short and long-term borrowing	(978)
-	Other receipts from financing activities	-
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	-
9,670	Repayments of short and long-term borrowing	31,780
412	Other payments for financing activities	-
9,899	Net cash flows from financing activities	30,802

28 - Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Cabinet member portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- expenditure on some support services is budgeted for centrally and not charged to front-line services

The income and expenditure of the Council's principal portfolios recorded in the budget reports for the year is as follows:

	Adults and Families £000	Children and Young People (Non DSG) £000	Children and Young People (DSG) £000	Deputy Leader £000	Leader £000
Fees, charges & other service income	(49,104)	(12,250)	8,771	(313)	(83)
Government grants	(6,186)	(9,342)	(406,805)	361	(2)
Total Income	(55,290)	(21,592)	(398,034)	48	(85)
Employee expenses	37,590	42,549	293,289	3,549	2,332
Other operating expenses	130,662	33,611	95,205	4,553	616
Support Service Recharges	354	1,970	7,293	8	-
Total Expenditure	168,606	78,130	395,787	8,110	2,948
Net Expenditure	113,316	56,538	(2,247)	8,158	2,863

	Planning and Environment £000	Resources £000	Transportation £000	Below the Line £000	Total £000
Fees, charges & other service income	(2,740)	(5,946)	(5,919)	(302,392)	(369,976)
Government grants	(3)	-	(2,120)	(81,382)	(505,479)
Total Income	(2,743)	(5,946)	(8,039)	(383,774)	(875,455)
Employee expenses	3,565	24,784	5,954	1,621	415,233
Other operating expenses	19,828	8,186	47,688	101,448	441,797
Support Service Recharges	291	2,603	245	-	12,764
Total Expenditure	23,684	35,573	53,887	103,069	869,794
Net Expenditure	20,941	29,627	45,848	(280,705)	(5,661)

Comparative figures for 2009/10

	Adults and Families £000	Children and Young People (Non DSG) £000	Children and Young People (DSG) £000	Deputy Leader £000	Leader £000
Fees, charges & other service income	(46,121)	(13,282)	8,862	(223)	(93)
Government grants	(12,895)	(2,799)	(394,037)	446	-
Total Income	(59,016)	(16,081)	(385,175)	223	(93)
Employee expenses	42,284	43,726	285,955	3,593	2,770
Other operating expenses	129,912	30,664	88,239	4,121	527
Support Service Recharges	366	1,841	6,823	80	1
Total Expenditure	172,562	76,231	381,017	7,794	3,298
Net Expenditure	113,546	60,150	(4,158)	8,017	3,205

	Planning and Environment £000	Resources £000	Transportation £000	Below the Line £000	Total £000
Fees, charges & other service income	(3,016)	(8,010)	(4,894)	(6,365)	(73,142)
Government grants	(237)	-	(58)	-	(409,580)
Total Income	(3,253)	(8,010)	(4,952)	(6,365)	(482,722)
Employee expenses	3,927	25,102	6,361	1,154	414,872
Other operating expenses	18,797	7,141	47,623	27,215	354,239
Support Service Recharges	138	2,613	258	14	12,134
Total Expenditure	22,862	34,856	54,242	28,383	781,245
Net Expenditure	19,609	26,846	49,290	22,018	298,523

Reconciliation of Income and Expenditure Reported to Cabinet to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of income and expenditure reported to Cabinet relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2009/10 £000	2010/11 £000
Net expenditure in the Analysis	298,523	(5,661)
Net expenditure of services and support services not included in the Analysis	-	-
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	35,913	41,036
Amounts in the Analysis not reported in the Net Cost of Service in the Comprehensive Statement of Income and Expenditure	(22,427)	178,873
Cost of Services in Comprehensive Income and Expenditure Statement	312,009	214,248

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of income and expenditure reported to Cabinet relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in Net Cost of Services £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(147,884)	-	9,722	(523)	24,994	(113,691)	(33,818)	(147,509)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	(2,423)	-	(11)	2,403	-	(31)	(2,858)	(2,889)
Income from council tax	(219,669)	-	(904)	220,573	-	-	(229,677)	(229,677)
Government grants and contributions	(505,479)	-	(2,814)	81,455	-	(426,838)	(114,381)	(541,219)
Total Income	(875,455)	-	5,993	303,908	24,994	(540,560)	(380,734)	(921,294)
Employee expenses	415,233	-	13,587	(104)	-	428,716	-	428,716
Other service expenses	441,383	-	47,020	(124,823)	(10,618)	352,962	48,007	400,969
Support Service recharges	12,764	-	1,612	-	(14,376)	-	-	-
Depreciation, amortisation and impairment	-	-	(27,176)	306	-	(26,870)	-	(26,870)
Interest Payments	-	-	-	-	-	-	14,503	14,503
Precepts & Levies	414	-	-	(414)	-	-	414	414
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	(4,407)	(4,407)
Total Expenditure	869,794	-	35,043	(125,035)	(24,994)	754,808	58,517	813,325
Surplus or deficit on the provision of services	(5,661)	-	41,036	178,873	-	214,248	(322,217)	(107,969)

Comparative figures for 2009/10

	Analysis £000	Services and Support Services not in Analysis £000	Amounts not reported to management for decision making £000	Amounts not included in Net Cost of Services £000	Allocation of Recharges £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(67,786)	-	(22,943)	93	23,584	(67,052)	(22,917)	(89,969)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	(5,355)	-	-	5,434	-	79	(7,473)	(7,394)
Income from council tax	-	-	-	-	-	-	(223,716)	(223,716)
Government grants and contributions	(409,581)	-	(4,484)	-	-	(414,065)	(113,694)	(527,759)
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	(2,754)	(2,754)
Total Income	(482,722)	-	(27,427)	5,527	23,584	(481,038)	(370,554)	(851,592)
Employee expenses	414,870	-	8,577	-	-	423,447	-	423,447
Other service expenses	342,982	-	14,945	(16,695)	(9,886)	331,346	43,942	375,288
Support Service recharges	12,134	-	1,564	-	(13,698)	-	-	-
Depreciation, amortisation and impairment	-	-	38,254	-	-	38,254	-	38,254
Interest Payments	10,877	-	-	(10,877)	-	-	14,326	14,326
Precepts & Levies	382	-	-	(382)	-	-	414	414
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-
Total Expenditure	781,245	-	63,340	(27,954)	(23,584)	793,047	58,682	851,729
Surplus or deficit on the provision of services	298,523	-	35,913	(22,427)	-	312,009	(311,872)	137

29 - Acquired and Discontinued Operations

There have been no acquired or discontinued operations during the year.

30 - Trading Operations

Trading accounts are internal services operating under service level agreements and recharging their customers for the costs of their services. A small proportion of the trading accounts' customers are external to the Council. The turnover and surplus/deficits on the Council's trading accounts are shown below.

		2009/10	2010/11
		£000	£000
Legal and Administration	Turnover	(4,620)	(4,951)
	Expenditure	4,597	4,951
	(Surplus)/deficit	(23)	-
Fleet Hire	Turnover	(3,404)	(2,930)
	Expenditure	3,731	3,866
	(Surplus)/deficit	327	936
Net (surplus)/deficit on trading operations		304	936

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. The expenditure of these operations is allocated or recharged to headings in the Net Operating Expenditure of Continuing Operations.

31 - Agency Services

In April 2003 the Council entered in to an agency agreement with Chiltern and South Bucks Primary Care Trust whereby the Council is responsible for paying Registered Nursing Care Contributions to the providers of nursing care. This relates to both Council placed residents and also private self-funding residents within the County.

The contract between Buckinghamshire County Council and the local PCT to make payments in respect of Funded Nursing Care ceased on 31st August 2009.

	2009/10	2010/11
	£000	£000
Payments made in respect of self funders	844	-
Payments made in respect of Buckinghamshire County Council clients	1,101	-
Total	1,945	-

32 - Road Charging Schemes under the Transport Act 2000

The Council does not operate any road charging schemes under the Transport Act 2000.

33 - Pooled Budgets

Joint Pooled Community Equipment Loan Service (CELS) with Buckinghamshire Primary Care Trust

From 28 July 2009, the Council acted as host for the Joint Pooled Community Equipment Loan Service. The Joint Pooled Fund supports the procurement, storage, delivery, installation and technical demonstration, subsequent collection, cleaning, recycling, maintenance and repair of equipment for eligible client's use. Contributions to the fund are based on the agreed S75.

2009/10		2010/11
£000		£000
1,662	Expenditure	2,541
	Income	
(796)	Contribution from Buckinghamshire County Council	(1,235)
(866)	Contribution from Buckinghamshire Primary Care Trust	(1,306)
(1,662)	Total Income	(2,541)
-	Balance	-

Bucks Community Equipment Service (CELS) Contract Management Pooled Fund

The Council acted as host for the pooled budget for the period of 1st April 2010 to 31st March 2011. The pooled fund supports the management and monitoring costs of CELS. Contributions to the fund are based on the agreed S75.

2009/10		2010/11
£000		£000
-	Expenditure	68
	Income	
-	Contribution from Buckinghamshire County Council	(29)
-	Contribution from Buckinghamshire Primary Care Trust	(39)
-	Total Income	(68)
-	Balance	-

Adult Mental Health

The pooled fund with Buckinghamshire Primary Care Trust ended on 31 March 2010.

Integrated Mental Health Provision for Adults of Working Age Agreement

Partnership with Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust (OBMH) for the period 1st April 2010 to 31st March 2011. OBMH acted as host for the pooled budget.

2009/10 £000		2010/11 £000
	Expenditure	
	Pooled Fund	
13,819	Integrated mental health provided services	9,484
13,819	Total Expenditure	9,484
	Income	
(2,685)	Contribution from Buckinghamshire County Council	(2,606)
(11,134)	Contribution from Oxfordshire and Buckinghamshire Mental Health Trust	(6,878)
(13,819)	Total Income	(9,484)
-	Balance	-

Integrated Mental Health Provision for Older People Agreement

Partnership with Oxfordshire and Buckinghamshire Mental Health Partnership NHS Trust (OBMH) for the period 1st April 2010 to 31st March 2011. OBMH acted as host for the pooled budget.

2009/10 £000		2010/11 £000
	Expenditure	
	Pooled Fund	
5,079	Integrated older peoples' mental health provided services	3,047
5,079	Total Expenditure	3,047
	Income	
(1,116)	Contribution from Buckinghamshire County Council	(1,134)
(3,963)	Contribution from Oxfordshire and Buckinghamshire Mental Health Trust	(1,995)
(5,079)	Total Income	(3,129)
-	Balance Carried Forward	(82)

Children and Adolescence Mental Health Services (CAMHS)

Partnership with Buckinghamshire Primary Care Trust for the period 1 April 2010 to 31 March 2011. The Council is the host authority for the pooled fund arrangement

2009/10 £000		2010/11 £000
	Expenditure	
5,551	Children and adults mental health services	5,776
5,551	Total Expenditure	5,776
	Income	
(1,307)	Contribution from Buckinghamshire County Council	(1,360)
(4,244)	Contribution from Buckinghamshire Primary Care Trust	(4,416)
(5,551)	Total Income	(5,776)
-	Balance	-

Residential Respite Short Breaks Pooled Fund

Partnership with Buckinghamshire Primary Care Trust for the period 1 Oct 2010 to 31 March 2011. Buckinghamshire County Council is the host authority for the pooled fund arrangements. This is the first year of the partnership.

2009/10		2010/11
£000		£000
	Expenditure	
-	Residential respite short breaks	1,282
-	Total Expenditure	1,282
	Income	
-	Contribution from Buckinghamshire County Council	(964)
-	Contribution from Buckinghamshire Primary Care Trust	(318)
-	Total Income	(1,282)
-	Balance	-

34 - Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

	2009/10	2010/11
	£000	£000
Salaries	728	722
Allowances	316	319
Expenses	6	1
Total	1,050	1,042

35 - Officers' Remuneration

The remuneration paid to the Council's senior employees during 2010/11 was as follows:

	Salary, Fees and Allowances	Benefits in Kind	Pension Contributions	Total	Notes
	£	£	£	£	
Chief Executive - Chris Williams	207,000	4,770	47,334	259,104	
Strategic Director - Communities and Built Environment	143,114	603	32,536	176,253	
Strategic Director - Adults and Family Wellbeing	142,100	6,076	32,536	180,712	
Strategic Director - Children and Young People	142,100	1,011	32,536	175,647	
Strategic Director - Resources and Business Transformation	141,914	4,529	32,494	178,937	1
Strategic Director - Business and Customer Transformation	4,342	-	990	5,332	2
Statutory Officer - Head of Legal	80,972	4,714	18,599	104,285	
Statutory Officer - Head of Finance	47,479	383	10,823	58,685	3
Statutory Officer - Head of Finance	32,113	183	7,322	39,617	4
Statutory Officer - Head of Finance	8,812	50	2,032	10,895	5
Total	949,946	22,319	217,202	1,189,467	

Notes

1. Combined role for Corporate Director - People, Policy and Communications and Strategic Director - Business and Customer Transformation
2. Strategic Director - Business and Customer Transformation left employment 11th April 2010
3. Head of Finance appointed from 11th October 2010
4. Acting Statutory Section 151 Officer from 3rd May 2010 to 10th October 2010
5. Head of Finance left employment 2nd May 2010

Comparative figures for 2009/10

	Salary, Fees and Allowances	Benefits in Kind	Pension Contributions	Total	Notes
	£	£	£	£	
Chief Executive - Chris Williams	207,000	4,535	47,333	258,868	
Strategic Director - Communities and Built Environment	142,968	603	32,603	176,174	
Strategic Director - Adults and Family Wellbeing	142,100	5,824	32,536	180,460	
Strategic Director - Children and Young People	142,100	1,654	32,536	176,290	
Strategic Director - Business and Customer Transformation	142,223	-	32,398	174,621	
Strategic Director - People, Policy and Communications	136,010	4,304	31,147	171,461	
Statutory Officer - Head of Legal	80,972	4,390	18,599	103,961	
Statutory Officer - Head of Finance	97,063	603	22,389	120,055	
Total	1,090,436	21,913	249,541	1,361,890	

The Council's employees (including those listed individually as senior employees) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

			2009/10			2010/11
	Non Schools	Schools	Total	Non Schools	Schools	Total
£50,000 - £54,999	60	136	196	66	132	198
£55,000 - £59,999	45	83	128	45	103	148
£60,000 - £64,999	26	43	69	21	59	80
£65,000 - £69,999	18	27	45	24	27	51
£70,000 - £74,999	11	16	27	9	16	25
£75,000 - £79,999	3	12	15	2	16	18
£80,000 - £84,999	7	4	11	4	8	12
£85,000 - £89,999	4	1	5	4	7	11
£90,000 - £94,999	6	4	10	4	5	9
£95,000 - £99,999	4	0	4	2	3	5
£100,000 - £104,999	0	3	3	1	2	3
£105,000 - £109,999	0	0	0	0	1	1
£110,000 - £114,999	0	0	0	0	1	1
£115,000 - £119,999	0	0	0	0	1	1
£120,000 - £124,999	0	0	0	0	0	0
£125,000 - £129,999	0	1	1	0	0	0
£130,000 - £134,999	0	1	1	0	0	0
£135,000 - £139,999	0	0	0	0	1	1
£140,000 - £144,999	4	0	4	2	0	2
£145,000 - £149,999	1	0	1	2	0	2
£210,000 - £214,999	1	0	1	1	0	1
Total	190	331	521	187	382	569

36 - External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors (The Audit Commission):

	2009/10	2010/11
	£000	£000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	218	196
Fees payable to the Audit Commission for the certification of grant claims and returns for the year	22	13
Fees payable in respect of other services provided by the Audit Commission during the year	10	11
Total	250	220

37 - Dedicated Schools Grant

	Central Expenditure	ISB	Total
	£000	£000	£000
Final DSG for 2010/11	(47,863)	(247,184)	(295,047)
Plus brought forward from 2009/10	(2,628)	-	(2,628)
Less carry forward to 2011/12 agreed in advance	-	-	-
Agreed budget distribution in 2010/11	(50,491)	(247,184)	(297,675)
Less actual central expenditure	49,626	-	49,626
Less actual ISB deployed to schools		247,184	247,184
Plus local authority contributions for 2010/11	-	-	-
Carry forward to 2011/12	(865)	-	(865)

38 - Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

	2009/10	2010/11
	£000	£000
Credited to Taxation and Non Specific Grant Income		
Area Based Grant	18,868	21,796
Revenue Support Grant	11,014	7,551
Local Public Sector Agreement Reward Grants	1,246	-
Total of other grants below £1 million each	269	-
Total	31,397	29,347

	2009/10	2010/11
	£000	£000
Credited to Services		
Dedicated Schools Grant	283,520	295,047
Young People's Learning Agency Grant (formerly Learning and Skills Council)	41,387	47,236
General Sure Start Grant	10,514	13,407
Supporting People Grant	5,588	-
Drug Action Team Adult Pooled Treatment	2,734	1,926
Education Standard Fund Grant	15,053	15,382
Learning and Skills Council and Further Eduaction Grant Income	4,324	3,181
Social Care Reform Grant	1,334	1,651
Standards Fund	42,050	37,017
Department for Transport Grant	-	3,633
Learning Difficulties Campus Closure Grant	-	1,047
Teacher Training Agency Grant	-	1,359
Total of other grants below £1 million	7,561	5,952
Total	414,065	426,838

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	Restated 2009/10	2010/11
	£000	£000
Capital Grants Receipts in Advance		
Department for Childrens, Schools and Families	22,769	19,448
Department of Health	65	635
Department for Environment, Food and Rural Affairs	1,824	2,161
Total	24,658	22,244

39 - Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 28 on reporting for resources allocation decisions. Grant receipts are shown in Note 38.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2010/12 is shown in Note 34. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at County Hall during office hours.

Pension Fund

During the year, the Pension Fund had an average borrowing of £3.06m (2009/10 £(2.31)m) of cash from the Council. The Fund paid the Council a total for interest of £0.013m (2009/10 £(0.009)m) on this loan. The Council charged the Fund £1.144m (2009/10 £1.057m) for expenses incurred in administering the Fund. The Council also provides several support services, including financial and legal work, through a series of service level agreements, to the Buckinghamshire and Milton Keynes Fire Authority.

Local Authority Companies

Each of the following companies is regulated under the Local Authorities (Companies) Order 1995, by virtue of the Council's interest and any other interest held by other local authorities.

Beaconsfield High School (Superturf) Ltd

This company limited by guarantee, with no share capital, is wholly owned by Beaconsfield High School, a charity. In the event of a winding up of the company the liability of each member is limited to £1. The latest accounts show that as at 31 March 2010 the company's net assets were £34,865 (2009/10: £30,539). The principal activity of the company is the provision of sports facilities for hockey, tennis and netball.

Chiltern Woodlands Project Ltd

The Council has a 10% interest in the Chiltern Woodlands Project Ltd, which is a company limited by guarantee with no share capital. In the event of a winding up of the company the liability of each member is limited to £1. The latest accounts show that as at 31 March 2010 the Company's net assets were £51,076 (2009/10 £74,148) and the loss at 31 March 2010 was £23,072 (2008/09 £8,151). The Company promotes and encourages the sympathetic management of woodlands in the Chiltern Hills.

Thames Valley Groundwork Trust Ltd

The Council has a 7% interest in Thames Valley Groundwork Trust Ltd which is a company limited by guarantee and registered charity. The aim of the company is to engage to enhance and promote Countryside activities. The latest accounts show that as at 31 March 2010 the Company's net assets were £482,959 (2009/10 £500,106).

Trading Standards South East Limited

This company is limited by guarantee and has no share capital. It was created by 19 local authorities in the South East region to utilise government funding provided for the delivery of a trading standards advice service. The County Council is a member and director of the company and is represented by the Head of Public Protection.
Copies of the accounts of the Council's associated companies disclosed are available from Companies House.

Partnerships

Bucks and Milton Keynes Sports Partnership

Buckinghamshire County Council is in partnership with Aylesbury Vale District Council (the host authority), Chiltern District Council, Milton Keynes Council, South Bucks District Council and Wycombe District Council. The partnership has been established to "co-ordinate, develop and improve the sporting opportunities available to all people in Buckinghamshire". The work is undertaken in co-operation with Sport England who provides lottery funding to Aylesbury Vale District Council.

Buckinghamshire Drug and Alcohol Action Team

The County Council is the host authority for the Buckinghamshire Drug and Alcohol Action Team (DAAT), a partnership of organisations (Health, Police, Probation, and the Prison service) that have a role in tackling substance misuse. The DAAT Partnership Board is the strategic group that is responsible for overseeing the implementation of the National Drug Strategy and the National Alcohol Harm Reduction Strategy. This involves identifying local priorities, promoting action plans and deploying resources with the object of achieving local targets and key performance indicators. The aim is to help young people to resist drugs misuse, to protect communities from drug and alcohol related anti-social and criminal behaviour, to enable people with drug and alcohol problems to overcome them and to stifle the availability of illegal drugs.

Funding is received from the Government and various other agencies and utilised in line with the agreed aims and objectives of the DAAT. Funding received by the Drug and Alcohol Action Team in 2010/11 was £5,409,000 (2009/10 £4,397,000). Funding received from external sources: £1,816,000 (2009/10 £1,846,000) Adult Pooled Treatment Budget, £109,000 (2009/10 £87,000) Department of Health, £299,000 (2009/10 £299,000) Drug Intervention Programme, £32,000 (2009/10 £32,000) Partner contributions, £1,112,000 (2009/10 £1,252,000) Primary Care Trust (PCT), £71,000 (2009/10 £69,000) BIG Lottery Fund, £72,000 Bucks ASC, (2009/10 Nil) £12,000 (2009/10 Nil) Brief Interventions and £34,000 (2009/10 £34,000) Thames Valley Police.

Expenditure in 2010/11 was £4,385,000 (2009/10 £3,949,000). However £513,000 (2009/10 £222,000) received from the PCT has been carried forward and is committed in 2011/12. A further £226,000 (2009/10 £226,000) which is APTB and PCT funding has been committed in the Adult Treatment Plan 2011/12.

The Council's contribution was £839,000 (2009/10 £633,000) made-up from the following:

- £162,000 Medium Term Plan (MTP) Alcohol, £265,000 MTP Young People, £58,000 BCC Education funding, £73,000 Drug Strategy Partnership.
- Through Area Based Grant additional resource was received which amounts to £102,000 (2009/10 £145,000).
- Further contributions of £179,000 (2009/10 Nil) were made available (£74,000 Young People, £49,000 Department for Children, Schools and Families, £56,000 Youth Offending Team)

Chilterns Conservation Board

The Countryside and Rights or Way (CROW) Act 2000 placed a statutory duty on local authorities to prepare a management plan for any area of outstanding natural beauty. The management plan details a strategy for the area setting out a framework for nature conservation, land and water management, recreation and access, planning and development, the rural economy and transport within which public bodies operate. The council made a contribution of £16,550 (2009/10 £16,550) to the Board in 2010/11.

East-West Rail Consortium

The East West Rail Consortium is an organisation whose objective is the assessment of the feasibility of, and facilitating the establishment of, a strategic rail link connecting East Anglia with Central Southern and Western England. Membership of the consortium is open to local authorities, businesses and other bodies who share this objective. Members pay an annual subscription to the consortium and additional funding is sought from the Government and other agencies in pursuit of the objective. Expenditure incurred by the consortium in 2010/11 was £61,024 (2009/10 £4,675)

Joint Waste Committee for Bucks

The Committee's objective is to promote joint working on the implementation of the Waste Strategy for Buckinghamshire for the sustainable management of municipal waste. The purpose of the Committee is to facilitate the effective planning and delivery of local authority waste services by establishing a framework and partnership for consultation and co-operation, so as to make best use of the councils' combined resources to mutual advantage. The Committee's finances are managed by South Bucks District Council. The Council's contribution in 2010/11 was £65,731 (2009/10 £65,371) which contributes towards the cost of three staff and various projects.

Milton Keynes Partnership Committee

This Committee was created by English Partnerships to ensure a co-ordinated approach to the planning and delivery of growth and development in Milton Keynes. Its roles are to co-ordinate and implement the delivery of growth and ensure that homes, infrastructure, jobs and community facilities are provided as part of a joined up approach. The partnership brings together Milton Keynes Council, Local Strategic Partnership representatives from the health, community and business sectors and independent representatives. The Council's contribution in 2010/11 was £7,000 (2009/10 £7,000)

South East Local Transport Consortium

The South East Local Transport Consortium (SELTA) is an organisation comprising of south east local authorities, which has the objective of providing consistent public transport data to the National Traveline telephone enquiry and internet site. The Council acts as treasurer to the Consortium collecting contributions due from members and paying creditors. In 2010/11 total expenditure was £488,000 (2009/10 £402,000).

Thames Valley Safer Roads Partnership

The Thames Valley Safer Roads Partnership consists of nine Highway Authorities plus the Police, the Crown Prosecution Service and the Courts Service. The Partnership was established to meet the government target 'Road Casualty Reduction 2010' by reducing the number of people killed and injured on the roads in the Thames Valley Region. The Highway Authorities who are members of the Partnership receive a Road Safety Grant as part of their Local Transport Plan settlement, and an element of this forms the source of the Partnership's income. This income is used to fund the safety camera enforcement process and to educate drivers about the dangers involved with speeding. The County Council acts as treasurer to the Partnership, and in this role collects the partners' contributions and makes payments in respect of expenditure incurred in pursuit of the Partnership's objectives. In 2010/11 Buckinghamshire County Council's contribution was £463,000 (2009/10 £822,000).

Youth Offending Service

The Youth Offending Service is a support service for 8-18 year olds. It supports offenders and provides positive action to prevent offending. It is funded externally by the Police, Probation Service and Health, and internally by Children and Young Peoples Services. In 2010/11 the Buckinghamshire County Council element of the funding was £771,000 (2009/10 £914,000) with the other agencies providing £249,000 (2009/10 £1,142,000), a total of £1,020,000 (2009/10 £2,056,000). Total expenditure for the year was £966,000 (2009/10 £2,060,000).

Colne Valley Partnership

The Colne Valley Regional Park consists of a significant area of countryside to the west of London and was established in the mid 1960's to create a series of new facilities for public enjoyment. The Colne Valley Partnership is a voluntary association of 8 local authorities and the company Groundwork Thames Valley which exists to manage, support and promote the Park and provide planning and financial support. The main aims of the Partnership are to maintain and enhance the landscape of the Park, resist urbanisation, conserve the natural resources of the Park and provide accessible facilities for recreation. The County Council acts as treasurer to the Partnership. The Council's contribution in 2010/11 was £12,050.

Supporting People Commissioning Body for Buckinghamshire

The Council is the administering authority for the Supporting People Programme in Buckinghamshire and is required to establish a Commissioning Body, which has overall responsibility for the Supporting People strategy and for disbursement of the Supporting People grant in the County. The body is a partnership of Buckinghamshire County Council, District Councils, Buckinghamshire Primary Care Trust and Thames Valley Probation Service.

Bucks Creative Partnership

This company was formally known as Bucks Art Partnership. Buckinghamshire County Council is represented on the committee that decides the action plan, in association with District Councils and the Arts Council South East.

County and District Chief Executive's Group (CADEX) Agreement

CADEX is a partnership comprising Buckinghamshire County Council, Aylesbury Vale District Council, Bucks and Milton Keynes Fire Authority, Chiltern District Council, Chesham Town Council, South Bucks District Council and Wycombe District Council who all make annual contributions to the partnership which are held by Buckinghamshire County Council as host authority. It was created to contribute to the cost of a number of Police Community Support Officers, as well as funding a Rural Transport Officer and supporting the establishment of an SLA based framework for Voluntary and Community Sector engagement in partnership working.

40 - Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	Restated 2009/10	2010/11
	£000	£000
Opening Capital Financing Requirement	240,467	235,480
Capital investment		
■ Property, plant and equipment	50,525	52,627
■ Investment properties	-	-
■ Intangible assets	1,553	1,909
■ Revenue expenditure funded from capital under statute	1,754	1,924
Source of Finance		
■ Capital receipts	(5,848)	(6,564)
■ Government grants and other contributions	(34,576)	(33,034)
■ Direct revenue contributions	(8,822)	(5,101)
■ Minimum revenue provision	(9,573)	(9,185)
Closing Capital Financing Requirement	235,480	238,056
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by government financial assistance)	(4,987)	2,576
Assets acquired under finance leases	-	-
Assets acquired under PFI/PPP contracts	-	-
Increase/(decrease) in Capital Financing Requirement	(4,987)	2,576

41 - Leases

Council as Lessee

Finance Leases

The Council has nine properties included in its asset register that are finance leases. These nine properties fall into two broad categories, Offices and Training Centres and Libraries. All properties have rentals payable of less than £1k per annum (with the exception of Chiltern Area Office – £12k per annum). As a result no corresponding liability has been recognised in relation to these assets.

The Council leases various items of equipment from Investec Asset Finance plc. These leases have been assessed as finance leases and are recognised in the asset register as plant with a net book value of £0.156m. These leases run for various time periods with the last lease ending in 2012/13. As at 31 March 2011 the liability for the future payments was £0.037m.

	31 March 2011	Restated 31 March 2010
	£000	£000
Other Land and Buildings	9,656	9,924
Vehicles, Plant, Furniture and Equipment	156	455
	9,812	10,379

The minimum lease payments are made up of the following amounts:

	31 March 2011	31 March 2010
	£000	£000
Finance lease liabilities (net present value of minimum lease payments):		
■ current	-	-
■ non-current	(37)	(183)
Finance costs payable in future years	-	(5)
Minimum lease payments	(37)	(188)

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	£000	£000	£000	£000
Not later than one year	(37)	(151)	(37)	(151)
Later than one year and not later than five years	-	(37)	-	(37)
Later than five years	-	-	-	-
	(37)	(188)	(37)	(188)

Operating Leases

The future minimum lease payments due under leases in future years are:

	31 March 2011	31 March 2010
	£000	£000
Amounts paid during the year	2,553	2,203
Not later than one year	1,912	2,029
Later than one year and not later than five years	1,939	2,307
Later than five years	1,958	1,373
Total Estimated Future Payments	5,809	5,709

The above amounts comprise the following elements:

	2010/11	2009/10
	£000	£000
Minimum lease payments	5,809	5,709
Contingent rents	-	-
[Sublease payments receivable]	-	-
	5,809	5,709

Council as Lessor

Finance Leases

In 2007/08 the Council granted a finance lease to a company for rights to gravel extraction from Council land near Denham. The Council receives a guaranteed payment related to the extraction of gravel.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2011	31 March 2010
	£000	£000
Finance lease debtor (net present value of minimum lease payments):		
■ current	485	420
■ non-current	4,702	5,187
Unearned finance income	1,525	1,846
Unguaranteed residual value of property	200	200
Gross investment in the lease	6,912	7,653

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	£000	£000	£000	£000
Not later than one year	782	740	782	740
Later than one year and not later than five years	3,128	3,128	3,128	3,128
Later than five years	3,002	3,785	2,802	3,584
	6,912	7,653	6,712	7,452

Operating Leases

As a lessor, the Council leases some of its property and vehicles. These are leased for a variety of purposes including agricultural tenancies, service tenancies, provision of community services, roundabout sponsorship and commercial lets The future minimum lease payments receivable under these leases in future years are:

	31 March 2011	31 March 2010
	£000	£000
Not later than one year	1,123	1,036
Later than one year and not later than five years	2,464	2,534
Later than five years	3,987	4,209
	7,574	7,779

42 - Private Finance Initiatives and Similar Contracts

The Council had not entered into any Private Finance Initiatives or similar contracts as at the Balance Sheet date.

43 - Impairment Losses

There were no material impairment losses during the 2010/11. Details of the total impairment charge for the year can be seen in the note relating to Property, Plant and Equipment (page 47).

44 - Capitalisation of Borrowing Costs

The Council does not capitalise borrowing costs. All borrowing costs are charged to interest payable shown under Financing and Investment Income and Expenditure (see the Comprehensive Income and Expenditure Statement on page 20 and Note 11 on page 46)

45 - Termination Benefits

As part of a restructuring programme across the Council, a number of redundancies were made during the year. The total liability incurred as a result of these redundancies was £3.864m (£2.432m in 2009/10).

46 - Pensions Schemes Accounted for as Defined Contributions Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2010/11, the Council paid £22.250m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay. The figures for 2009/10 were £21.900m and 14.1%. There were no contributions remaining payable at the year-end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 47.

47 - Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Buckinghamshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The Teachers Pensions Scheme - see Note 46

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2010/11	2009/10
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
■ current service cost	22,703	19,959
■ past service costs	(78,292)	-
■ settlements and curtailments	(77)	1,452
Financing and Investment Income and Expenditure		
■ interest cost	48,007	43,942
■ expected return on scheme assets	(33,818)	(22,917)
Total Post Employment Benefit Charged to the Surplus Deficit on the Provision of Services	(41,477)	42,436
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
■ actuarial gains and losses	(219,866)	(236,107)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(261,343)	(193,671)
Movement in Reserves Statement		
■ reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	41,477	(42,436)
Actual amount charged against the General Fund Balance for pensions in the year		
■ employers' contributions payable to the scheme	22,503	27,531

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2010/11	2009/10
	£000	£000
Opening balance at 1 April	(1,028,526)	(657,774)
Current service cost	(22,703)	(19,959)
Interest cost	(48,007)	(43,942)
Contributions by scheme participants	(5,867)	(7,805)
Actuarial gains and losses	215,155	(329,303)
Benefits paid	24,985	29,748
Past service costs	78,292	-
Entity combinations	-	-
Curtailments and Settlements	(617)	(1,454)
Liabilities extinguished on settlements	2,974	26
Unfunded pension payments	1,316	1,937
Closing balance at 31 March	(782,998)	(1,028,526)

Reconciliation of fair value of the scheme (plan) assets:

	2010/11	2009/10
	£000	£000
Opening balance at 1 April	466,424	346,684
Expected rate of return	33,818	22,917
Actuarial gains and losses	4,711	93,196
Employer contributions	22,503	27,531
Contributions by scheme participants	5,867	7,805
Benefits paid	(26,301)	(31,685)
Entity combinations	-	-
Settlements	-	-
Receipts of bulk transfer value	(2,280)	(24)
Closing balance at 31 March	504,742	466,424

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Scheme History

	2006/07	2007/08	2008/09	2009/10	2010/11
	£000	£000	£000	£000	£000
Present value of liabilities	(750,038)	(702,610)	(657,774)	(1,029,042)	(782,998)
Fair value of assets	432,225	417,423	346,684	466,940	504,742
Surplus/(deficit) in the scheme	(317,813)	(285,187)	(311,090)	(562,102)	(278,256)

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £278.256m has a substantial impact on the net worth of the Council. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2012 is £20.559m.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme liabilities have been assessed by Barnett Waddingham Public Sector Consulting, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2010. The principal assumptions used by the actuary have been:

	2010/11	2009/10
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.7%	7.8%
Gilts	4.4%	4.5%
Bonds	5.5%	5.5%
Property	7.2%	7.3%
Cash	3.0%	3.0%
Other	7.7%	7.8%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
■ Men	19.8 years	22.21 years
■ Women	23.9 years	25.26 years
Longevity at 65 for future pensioners:		
■ Men	21.9 years	22.96 years
■ Women	25.8 years	25.99 years
Other assumptions:		
RPI Increases	3.5%	3.9%
CPI Increases	2.7%	n/a
Rate of increase in salaries	5.0%	5.4%
Rate of increase in pensions	2.7%	3.9%
Rate for discounting scheme liabilities	5.5%	5.5%
Take-up of option to convert annual pension into retirement lump sum	50.0%	50.0%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2011	31 March 2010
	%	%
Equity investments	69	70
Gilts	7	6
Bonds	7	8
Property	8	8
Cash	3	2
Other	6	6
	100	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

	2006/07	2007/08	2008/09	2009/10	2010/11
	%	%	%	%	%
Differences between the expected and actual return on assets	1.4	(12.6)	(30.1)	20.0	0.9
Experience gains and losses on liabilties	0.0	0.3	0.0	0.0	14.8

48 - Contingent Liabilities

There are no contingent liabilities.

49 - Contingent Assets

There are no contingent assets.

50 - Nature and Extent of Risks Arising from Financial Instruments

The Council's overall treasury risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Treasury risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions that meet predetermined minimum criteria suggested by the Council's independent financial advisors, Sector, based upon the scores given to them by the Fitch, Moodys and Standard & Poor rating agencies

Geographical Spread

A country is assigned a sovereign rating which signifies a country's ability to provide a secure investment environment which reflects factors such as economic status, political stability and foreign currency reserves. The strongest sovereign rating that can be achieved is "AAA".

The Council invests in the UK or specified AAA sovereign rated countries, the total maximum that can be invested with foreign institutions is £50m.

Countries that are currently AAA sovereign rated are Canada, Denmark, Finland, France, Germany, Luxembourg, Netherlands, Norway, Singapore, Sweden, Switzerland, United Kingdom and USA.

Creditworthiness

After meeting the UK or AAA sovereign rating criteria, the criteria for credit rated institutions in the lending list are in line with that suggested by Sector in its Guide to Establishing Credit Policies. A perspective of an institution's overall creditworthiness can be gained from:

- Support rating – the assessment of the presence of a lender of last resort
- Long-term and short-term ratings – the capacity to service and repay punctually senior debt obligations, and
- Individual ratings – the intrinsic soundness of an institution evaluated on a stand-alone basis, which should form the basis of setting credit policy.

CIPFA's Treasury Management in the Public Services: Code of Practice revised in 2009 advises authorities to have regard to the ratings issued by all three main agencies – Fitch, Moodys and Standard and Poor. Each agency has its own credit rating components to complete their rating assessments.

Fitch ratings comprise four components – long term rating, short term rating, individual rating and support rating. Moody's ratings comprise of three components – long term rating, short term rating and financial strength rating. Standard & Poor's ratings comprise of two components – long term rating and short term rating.

This Council has adopted Sector's credit methodology which has a mathematical basis and gives a score to each of the ratings from all three agencies. A sum of the averages is then taken and the maximum duration of the investment is calculated based on this final value. The following tables show the scores assigned for each agency's rating of long term, short term and individual ratings and also the score bandwidths that determine the maximum duration of an investment with a counterparty.

Table 1 - Scores Assigned to Long Term Ratings

Fitch		Moodys		S&P	
Rating	Scoring	Rating	Scoring	Rating	Scoring
AAA	1	Aaa	1	AAA	1
AA+	2	Aa1	2	AA+	2
AA	3	Aa2	3	AA	3
AA-	4	Aa3	4	AA-	4
A+	5	A1	5	A+	5
A	6	A2	6	A	6
A-	7	A3	7	A-	7
BBB+	8	Baa1	8	BBB+	8
BBB	9	Baa2	9	BBB	9
BBB-	10	Baa3	10	BBB-	10

Table 2: Scores Assigned to Short Term Ratings

Fitch		Moodys		S&P	
Rating	Scoring	Rating	Scoring	Rating	Scoring
F1+	1	-	-	A-1+	1
F1	2	P-1	2	A-1	2
F2	3	P-2	3	A-2	3
F3	4	P-3	4	A-3	4

Table 3: Scores Assigned to Individual Ratings

Fitch		Moodys	
Rating	Scoring	Rating	Scoring
-	-	A+	0.5
A	1	A	1
-	-	A-	1.5
A/B	2	B+	2
B	3	B	3
-	-	B-	3.5
B/C	4	C+	4
C	5	C	5
-	-	C-	5.5
C/D	6	D+	6
D	7	D	7
-	-	D-	7.5
D/E	8	E+	8
E	9	E	9
-	-	E-	9.5
F	10	F	10

Table 4: Scoring Bands for Maximum Duration of Investments

Investments up to	Counterparty Limit	Lowest Score	Highest Score
3 months	£10m	12.5	14.5
6 months	£15m	10.5	12.5
12 months	£15m	8.5	10.5
2 years	£15m	4.0	8.5

Group Limits

The maximum amount invested with a connected group of counterparties is £20m (although the maximum investment with a single counterparty within any group is £15m.) Investments in part nationalised and nationalised banks are not subject to a government group limit.

Credit Watch / Outlook Overlay

From time to time an institution will be placed on negative watch or negative outlook, indicating that a downgrade is either likely or possible in the future. Watches are considered short term actions, whereas outlooks are considered over a longer time horizon. If an institution is on negative watch, then one point is added to the score of the credit rating. If an institution is on positive watch, then one point is deducted. If an institution is on negative outlook, then half a point is added to the score of the relevant credit rating. If an institution is on positive outlook, then half a point is deducted.

Credit Default Swaps (CDS) Overlay

Credit rating agencies lag market events and therefore do not provide investors with an up to date picture of the credit quality of a particular institution. A CDS is a financial instrument which insures against the risk of a counterparty defaulting on its credit. When the cost of this insurance is highest, then it is more likely that the market considers a credit event will occur.

Sector uses a benchmark CDS index which measures the average level of the most liquid financial CDS spreads in the market, known as the iTraxx. An institution's CDS spread is compared to that of the market using the iTraxx, the table below illustrates how the counterparty's maximum duration is adjusted depending on how the CDS spread compares to the iTraxx index.

CDS spread	Impact	Impact on Maximum Duration
Below or equal to the iTraxx	In Range	No change
Not greater than the iTraxx plus 0.5%	Monitoring	Maximum duration is reduced by one level; for example, from one year to six months
Greater than the iTraxx plus 0.5%	Out of Range	Removed from lending list

Landsbanki Impairment

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander (KS&F) went into administration. The Council had £5m deposited direct with Landsbanki.

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Council will be determined by the administrators/receivers.

Based on the latest information available the Council considers that it is appropriate to consider an impairment adjustment for the deposits, and has taken the action outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators/receivers, further adjustments may be required to the accounts in future years.

Landsbanki is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (New Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. Old Landsbanki's affairs are being administered under Icelandic law. Old Landsbanki's latest public presentation of its affairs was made to creditors on 20 February 2009 and can be viewed on its website. This and other relevant information indicates that recovery of between 90-100% shall be achieved. The Council has taken a mid point position and assumed recovery at 95% by 2018. The Council has therefore decided to recognise an impairment based on it recovering 95p in the £.

Recovery is subject to the following uncertainties and risks:
- Confirmation that UK Council deposits enjoy preferential creditor status. The Icelandic courts recently heard the test cases and found in our favour, but, as expected, these have gone to appeal in the Icelandic high court, and are likely to be heard in September.
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Council's claim, which may be denominated wholly or partly in currencies other than sterling

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to one third of its liabilities, assuming that the Bond remains at its current value. Therefore, if preferential creditor status is not achieved the recoverable amount may only be 38p in the £.

No information has been provided by the resolution committee about the timing of any payments to depositors. Because it is anticipated that all the assets of Landsbanki will need to be realised to repay priority creditors, settlement in a single sum is unlikely. Therefore, in calculating the impairment, the Council has used the estimated repayment timetables for Heritable and KS&F as a basis for its assumption about the timing of recoveries.

It is therefore assumed that the repayments will be split roughly as follows:

Anticipated repayment date	95% recovery	38% recovery
December 2011	22.17%	8.93%
December 2012 to December 2017 (6 repayments)	8.87% x 6 = 53.22%	3.57% x 6 = 21.43%
December 2018	19.46%	7.84%

Recoveries are expressed as a percentage of the Council's claim in the administration, which it is expected may validly include interest accrued up to 7 October 2008.

Interest due but not received in relation to this investment of £0.225m has been credited to the interest income line in the Income and Expenditure Account in this year.

The Council had previously applied statutory regulations that delayed the impact of any impairment charges to the General Fund Balance. This had been achieved by debiting the Financial Instrument Adjustment Account (FIAA). However, the statutory protection expired during 2010/11 and the accumulated balance in the FIAA of £1.255m was charged against the General Fund Balance during the year.

Exposure to Credit Risk

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last three financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2011	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2011	Estimated maximum exposure to default and uncollectability at 31 March 2011	Estimated maximum exposure at 31 March 2010
	£000	%	%	£000	£000
	A	B	C	(A x C)	
Deposits with banks and financial institutions (excluding Icelandic banks)	155,173	0.64%	0.64%	999	1,591
Customers	33,916	0.00%	4.30%	1,458	1,458
				2,457	3,049

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for customers, such that £6.9m of the £13.1m balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2011	31 March 2010
	£000	£000
Less than three months	3,436	3,867
Three to six months	599	769
Six months to one year	549	583
More than one year	2,362	1,634
	6,946	6,853

Of the £33.6m (2009/10 £33.9m) balance £13.1m (2009/10 £14.7m) of debtors were individually assessed for impairments. A risk evaluation based on the value and types of debt was carried out to determine which debts to individually assess. This review resulted in a required provision of £0.51m (2009/10 £0.38m) to be made in respect of these debtors.

Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than 15% of loans are due to mature within any rolling three-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

In November 2010, the council prematurely repaid £30m of debt from the PWLB because it was economically advantageous.

	31 March 2011	31 March 2010
	£000	£000
Less than one year	9,771	11,394
Between one and two years	1,732	1,732
Between two and five years	15,196	25,675
More than five years	182,464	203,717
	209,163	242,518

Market Risk

Interest Rate Risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council.
For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- Investments at fixed rates – the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments would be posted to the Income and Expenditure Account and affect the General Fund Balance pound for pound.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 20% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs. If interest rates had been 1% higher with all other variables held constant, the financial effect in 2010/11 would have been:

	31 March 2011	31 March 2010
	£000	£000
Increase in interest payable on variable rate borrowings	266	101
Increase in interest receivable on variable rate investments	(85)	(248)
Increase in government grant receivable for financing costs		-
Impact on Surplus or Deficit on the Provision of Services	181	(147)
Decrease in fair value of fixed rate investment assets	321	631
Impact on Other Comprehensive Income and Expenditure	321	631
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure	10,946	34,019

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price Risk

The Council does not invest in equity shares (although the Pension Fund, of which the Council is the administering authority, does invest in equity shares)

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus it has no exposure to loss arising from movements in exchange rates.

The Council is responsible for administering trust funds, which have been established over the years for a variety of purposes:

- Education Trust Funds are connected with the education service and were established to provide either school prizes or grants to students.
- The Thameside Preservation Trust was established in the 1930s for the purpose of acquiring and preserving an area of land adjoining the River Thames at Bourne End.
- The Colne Valley Standing Conference is a Trust formed by a consortium of local authorities with an interest in the Colne Valley Park. Buckinghamshire County Council has administered the Conference from 1 April 1995

Receipts of the funds are invested internally, whilst the capital bases of the funds are either invested in gilts or income shares of the Charities Official Investment Fund. The funds are not included in the Council's Balance Sheet. The financial position of the funds is set out below:

Total 2009/10		Education Trust Funds	Thameside Preservation Trust	Colne Valley Standing Conference	Total 2010/11
£000		£000	£000	£000	£000
186	Market Value at 1 April	127	35	32	194
48	Add income	4	-	53	57
(60)	Less expenditure	(4)	-	(65)	(69)
20	Movement in investments	3	-	-	3
194	Total	130	35	20	185
	Comprising				
91	Cash	25	35	20	80
11	Capital	11	-	-	11
92	Other investments	94	-	-	94
194	Total	130	35	20	185

In addition to the above the Council manages monies on behalf of clients in the form of receiverships and other quasi trustee relationships totalling £4.449m.

Introduction

Buckinghamshire County Council administers a Pension Fund covering staff employed by the County Council, Milton Keynes Council, the district and parish Councils of Buckinghamshire, Thames Valley Police Authority, Buckinghamshire Fire and Rescue Service, and other scheduled and admitted bodies. These are listed in Note 19 to these Financial Statements. There have been no major changes to the Fund during 2010/11. Teachers, fire fighters and police officers, for whom separate pension schemes apply, are excluded from the Pension Fund.

The purpose of the Pension Fund is to provide defined benefits for employees and their widows, widowers and children, based on pay and past service.

Membership of Fund

The following summarises the membership of the Fund:

31 March 2010	Membership of the Fund	31 March 2011
20,571	Contributors	20,752
12,213	Pensioners	12,930
15,522	Deferred Pensioners	16,976
48,306	Total Membership of the Fund	50,658

Statement of Investment Principles (SIP)

In order to ensure the proper management of the Fund, the Council has adopted a Statement of Investment Principles (SIP) in relation to the investment of the Pension Fund's assets. The SIP can be viewed on the Council's pension website http://www.buckscc.gov.uk/bcc/pensions/investments/introduction.page?

Further Information

The County Council publishes a separate Annual Report on the Pension Fund, which gives more detailed information, a copy can be viewed on the Council's pension website http://www.buckscc.gov.uk/bcc/pensions/investments/accounts.page?

Pension Fund Account for the Year Ended 31 March 2011

31 March 2010 £000	Pension Fund Account	Note	31 March 2011 £000
	Contributions		
(79,678)	Employer contributions	3	(77,943)
(27,666)	Member contributions	3	(26,182)
(13,694)	Transfers in from other pension funds		(9,628)
(121,038)	Total Contributions		(113,753)
	Benefits		
51,852	Pensions	5	55,012
18,274	Commutation of pensions and lump sum retirement benefits	5	19,711
	Payments to and on Account of Leavers		
36	Refunds of contributions	6	21
9,993	Transfers out	6	10,105
1,433	Administrative expenses	7	1,491
81,588			86,340
(39,450)	Net Additions from Dealings with Members		(27,413)
	Returns on Investments		
(26,940)	Investment income	8	(26,347)
(306,048)	Profits and losses on disposal of investments and changes in value of investments	9	(100,498)
1,055	Taxes on Income	14	1,219
3,003	Investment management expenses	10	3,798
(328,930)	Net Return on Investments		(121,828)
368,380	Net Increase/(Decrease) in the Net Assets Available for Benefits During the Year		149,241
1,007,413	Net Assets of the Fund as at 1 April		1,375,793
1,375,793	Net Assets of the Fund as at 31 March		1,525,034

Net Assets Statement

31 March 2010 £000	Net Assets Statement	Note	31 March 2011 £000
	Investments	11	
	Fixed Interest Securities		
27,531	■ Public Sector		35,746
63,397	■ Other		72,606
535,765	Equities		592,974
32,016	Index-linked Securities		28,759
565,454	Pooled Investment Vehicles		638,405
116,995	Property		125,492
15,061	Cash Deposits		19,177
(16)	Derivative Contracts		8
3,623	Dividend income receivable		4,413
1,359,826	Net Investments		1,517,580
15,967	Net Current Assets	13	7,454
1,375,793	Net Assets at 31 March		1,525,034

1 - Accounting Policies

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting and the Statement of Recommended Practice on Financial Reports of Pension Schemes (Revised May 2007).

The accounts summarise the transactions and net assets of the Fund and do not take account of liabilities to pay pensions and other benefits in the future. These are addressed by a triennial valuation (see Note 15).

The Pension Fund does not form part of the Accounts of Buckinghamshire County Council.

2 - Basis of Preparation

The financial statements are prepared on an accruals basis, unless otherwise stated. That is, income and expenditure are recognised as they are earned or incurred, not as they are received or paid.

Foreign currency transactions are translated into sterling at the exchange rate ruling at the date of transaction.

3 - Contributions

Contributions relating to wages and salaries paid up to 31 March 2011 have been included in these accounts.

2009/10 £000	Contributions	2010/11 £000
	Employers	
(31,622)	Administering Authority	(29,141)
(43,442)	Scheduled Bodies	(43,657)
(4,536)	Admitted Bodies	(5,085)
	Employers Augmentation Costs	
-	Administering Authority	-
(78)	Scheduled Bodies	(20)
-	Admitted Bodies	(40)
	Members	
(9,417)	Administering Authority	(8,388)
(16,160)	Scheduled Bodies	(16,404)
(2,089)	Admitted Bodies	(1,390)
(107,344)	Total Contributions	(104,125)

4 - Transfer Values

The individual transfer values relate to transfers, which have been received and paid during the financial year i.e. included on a cash basis.

On 31 March 2011 there were 3 transfer values out greater than £50,000, for which £0.289m had not been paid; there were 6 transfer values in greater than £50,000, for which £0.438m had not been received.

5 - Benefits

Benefits include all valid benefit claims notified during the financial year.

2009/10 £000	Benefits	2010/11 £000
	Pensions	
21,494	Administering Authority	22,662
25,485	Scheduled Bodies	27,186
4,873	Admitted Bodies	5,164
16,242	Commutations of pensions and lump sum retirement benefits	18,153
2,032	Lump sum death benefits	1,558
70,126	Total Benefits	74,723

6 - Payments to and on Account of Leavers

2009/10 £000	Payments to and on Account of Leavers	2010/11 £000
26	Refunds to members leaving service	10
10	Payments for members joining the state scheme	11
-	Group transfers to other schemes	-
9,993	Individual transfers to other schemes	10,105
10,029	Total Payments to and on Account of Leavers	10,126

7 - Administrative Expenses

2009/10 £000	Administrative Expenses	2010/11 £000
1,289	Administration of benefits	1,310
60	Actuarial fees	105
84	Legal and performance measurement fees	76
1,433	Total Administrative Expenses	1,491

8 - Investment Income

2009/10 £000	Investment Income	2010/11 £000
(5,787)	Interest from fixed interest securities	(5,345)
(13,079)	Dividends from equities	(15,205)
(507)	Income from index-linked securities	(1,004)
(168)	Interest on cash deposits	207
(3,539)	Net rents from properties	(5,239)
(3,860)	Other	239
(26,940)	Total Investment Income	(26,347)

9 - Investments

All investments are valued on a fair value basis and where there is an active market the bid price is the appropriate quoted market price. The investment accounting information is provided by BNY Mellon, the Fund's custodian bank.

Investments (All values are shown £000)	Value at 31 March 2010	Reclassification of Assets	Purchases at Cost	Sales Proceeds	Change in Market Value	Value at 31 March 2011
	£000	£000	£000	£000	£000	£000
Fixed interest securities	90,928	-	93,523	(77,127)	1,028	108,352
Equities	535,765	(604)	456,322	(442,701)	44,192	592,974
Index-linked securities	32,016	-	191,946	(196,874)	1,671	28,759
Pooled investment vehicles	565,454	604	39,617	(16,005)	48,735	638,405
Property	116,995	-	12,202	(8,446)	4,741	125,492
Derivative contracts	(16)	-	250	(253)	27	8
Cash deposits	15,061	-	-	4,012	104	19,177
	1,356,203	-	793,860	(737,394)	100,498	1,513,167
Outstanding dividends, accrued interest and recoverable taxes	3,623					4,413
	1,359,826					1,517,580

Pooled investment vehicles are funds where the Pension Fund is not the named owner of specific investments such as shares or bonds, but owns a proportion of a pooled fund. The funds include the following types of investments:

- Equities
- Fixed interest securities
- Index linked securities
- Hedge fund of funds
- Private equity fund of funds

The change in the fair value of investments during the year comprises all increases and decreases in the fair value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

The purchase costs of investments include transaction costs, brokerage commission and other fees incurred in the acquisition of investments.

On 31 March 2011 the assets which exceed 5% of the total value of the net assets of the Fund are a £96.5m investment in Legal & General Investment Management's UK Equity Index and a £124.3m investment in Legal & General's Europe (ex UK) Equity Index.

10 - Investment Management Expenses

The value of the fund with the fund managers as at 31 March 2011 was £1,515m. Fund manager fees have been calculated according to the specific mandate and the associated contract agreement as follows:

Fund Manager	Mandate	Negotiated Fee Basis	Proportion of Fund
Aviva Investors	Property	Percentage of fund	9%
BlackRock	Cash / inflation plus	Percentage of fund	2%
Blackstone Alternative Asset Management	Hedge fund of funds	Percentage of fund	4%
DB Advisors	Less constrained global equities	Performance related fee	7%
Investec Asset Management	Less constrained global equities	Performance related fee	7%
Legal & General Investment Management	Passive index-tracker	Percentage of fund	30%
Mirabaud Investment Management Limited	UK equities	Percentage of fund	11%
Pantheon Private Equity	Private Equity	Percentage of Funds Committed & Incentive Fee	4%
Partners Group	Private Equity	Percentage of fund	2%
Royal London Asset Management	Core Plus Bonds	Performance related fee	9%
Schroders	Less constrained UK equities	Performance related fee	7%
Standard Life Investments	Less constrained UK equities	Performance related fee	8%

11 - Analysis of the Value of Investments

2009/10	Analysis of the Value of Investments	2010/11
£000		£000
	Fixed Interest Securities	
27,531	UK public sector	34,967
-	Overseas public sector	779
63,397	UK other	71,980
-	Overseas other	626
90,928	Total Fixed Interest Securities	108,352
	Equities	
238,961	UK listed	254,401
296,804	Overseas listed	338,573
535,765	Total Equities	592,974
	Other	
32,016	Index-linked securities public sector	28,499
-	Index-linked securities other	260
565,454	Pooled Investment vehicles	638,405
116,995	Property	125,492
3,623	Dividend income receivable	4,413
(16)	Derivatives	8
15,061	Cash deposits - sterling and foreign cash	19,177
733,133	Total Other	816,254
1,359,826	Total Value of Investments	1,517,580

12 - Related Parties

Since summer 2009 the Pension Fund's surplus cash held for day to day cash flow purposes has been invested in a call account, during 2010/11 the average cash balances were lower than in previous years due to an increase in the value and frequency of cash draw downs requested by the Fund's private equity managers. A small residual balance is pooled with the County Council's cash balances, the County Council paid the Fund £82, or 0.44%, interest on average investment balances of £18,500. There were four instances when the Pension Fund cash balances were low resulting in the Fund borrowing short term from the County Council in order to pay pension benefits due or to meet its investment commitments, the Pension Fund paid £158, or 0.44%, on an average balance of £36,000. The Pension Fund cash balances are replenished when the Fund receives contributions from the Fund's employers; however, with minimal cash balances for cash flow purposes it became necessary to disinvest £7m from the Legal & General passive fund. Analysis of the balance sheet as at 31 March 2011 identified that the repayment of £3.5m overnight borrowing on 31 March 2010 from the Council which was repaid on 1 April 2011 had subsequently been matched to the Pension Fund effectively cancelling the repayment, the County Council has been reimbursed interest of £13.6k, or 0.44%, for this borrowing. The County Council was reimbursed £1.14m for administration costs incurred by the County Council on behalf of the Pension Fund.

13 - Current Assets and Liabilities

2009/10 £000	Current Assets and Liabilities	2010/11 £000
	Current Debtors (Assets)	
8,312	Contributions due 31 March	7,827
12,601	Cash Balances (not forming part of the investment assets)	4,543
1,649	Other Current Assets	1,998
22,562	Total Debtors	14,368
	Current Creditors (Liabilities)	
(668)	Management charges	(773)
(650)	HM Revenue and Customs	(700)
(1,349)	Unpaid benefits	(1,497)
(3,520)	Borrowings	(3,455)
(408)	Other Current Liabilities	(489)
(6,595)	Total Creditors	(6,914)
15,967	Net Current Debtors or (Creditors)	7,454

14 - Taxes on Income

The Fund is unable to reclaim Advance Corporation Tax (ACT). However, the fund retains the following taxation status:

- VAT input tax is recoverable on all fund activities by virtue of Buckinghamshire County Council being the administering authority.
- The fund is an exempt approved fund under the Income Taxes Act 1988 and is therefore not liable to UK income tax or capital gains tax.
- Income earned from investments overseas in the United States and certain other countries is exempt from national taxation and therefore not subject to withholding tax.

15 - Actuarial Position of the Fund

In accordance with the Local Government Pension Scheme Regulations 2008 as amended, actuarial valuations are currently made at three-yearly intervals.

The main purposes of actuarial valuations are:
- to assess the contributions required to provide for benefits currently accruing to active members;
- to assess whether the funds in hand are sufficient to meet the existing commitments.

If funds are not sufficient, additional employers' contributions are payable, whereas if the funds are more than sufficient these may be reduced.

The Fund's Actuary, Barnett Waddingham LLP, undertook a valuation of the Fund as at 31 March 2010 in accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008 as amended. On that date the market value of the assets held were £1,376m, sufficient to cover 79% of the accrued liabilities assessed on an ongoing basis. The revised employers' contribution arrangements were effective from 1 April 2011 and these are set to recover the deficiency over a twenty-year period.

The main assumptions used in the valuation were:

Investment return – equities / absolute return funds	7.5%	per annum
Investment return - gilts	4.5%	per annum
Investment return - bonds and property	5.6%	per annum
Investment return - discount rate	7.1%	per annum
Investment return – risk adjusted discount rate	6.8%	per annum
Pay increases	5.0%	per annum
Price inflation	3.5%	per annum
Pension increases	3.0%	per annum

The outcome of the next triennial valuation as at 31 March 2013 will be published towards the end of 2013.

International Financial Reporting Standards (IFRS) requires the disclosure of the actuarial present value of promised retirement benefits. The Fund's Actuary has prepared a report which rolls forward the value of the Employers' liabilities calculated for the Triennial valuation as at 31 March 2010. On an IAS19 basis the Actuary estimates that the net liability as at 31 March 2011 is £230m.

	31 March 2009	31 March 2010	31 March 2011
	£000	£000	£000
Present Value of Funded Obligation	1,420,033	1,996,124	1,744,619
Fair Value of Scheme Assets	991,606	1,375,793	1,514,571
Net Liability	428,427	620,331	230,048

The Present Value of Funded Obligation consists of £1,461.550m in respect of Vested Obligation and £283.069m in respect of Non-Vested Obligation.

16 - Contractual Commitments

Contractual commitments that the Fund has entered into by 31 March 2011 are:

Contractual Commitments	Amount Paid as at 31 March 2011	Total Contractual Commitment
	$000	$000
Pantheon Asia Fund V LP	13,250	25,000
Pantheon USA Fund Vll Limited	10,986	21,250
Pantheon USA Fund Vlll Feeder LP	21,075	75,000
Pantheon Global Secondary Fund IV Feeder LP	2,220	15,000
Partners Group Global Resources 2009, LP	11,348	35,000
	€000	€000
Pantheon Europe Fund V “A” LP	10,966	18,125
Pantheon Europe Fund Vl LP	26,650	65,000
Partners Group Global Real Estate 2008 SICAR	16,846	25,000
Partners Group Global Infrastructure 2009 SICAR	4,508	25,000

17 - Additional Voluntary Contributions (AVCs)

AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. The AVC providers to the Fund are Prudential and Clerical Medical. Prudential invests in several funds including a with profits accumulation fund, a deposit fund and a discretionary fund. Clerical Medical invests in with profits and unit-linked funds, the financial year for this fund is 1 November to 31 October and the financial information included is for this period. These amounts are not included in the Pension Fund Net Asset Statement in accordance with regulation 5(2)c of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831.)

2009/10	Prudential	2010/11
£000		£000
4,367	Value of AVC fund at beginning of year	4,605
848	Employees contributions	741
126	Investment income	274
(736)	Benefits paid and transfers out	(1,140)
4,605	Value of AVC fund at year end	4,480

1.11.2008 - 31.10.2009	Clerical Medical	1.11.2009 - 31.10.2010
£000		£000
3,836	Value of AVC fund at beginning of year	3,837
388	Employees contributions	373
37	Investment income	162
(610)	Benefits paid and transfers out	(569)
3,651	Value of AVC fund at year end	3,803

18 - Contingent Liability

The Pension Fund is currently in arbitration with one of the Scheduled Bodies within the Fund, depending on the outcome of the arbitration there is a possibility that a sundry debtor account of £64,000 will not be paid

19 - List of Scheduled and Admitted Bodies

Scheduled Bodies

Buckinghamshire County Council
Buckinghamshire & Milton Keynes Fire Authority
Thames Valley Police Authority
Aylesbury Vale District Council
Chiltern District Council
Milton Keynes Council
South Bucks District Council
Wycombe District Council

Amersham Town Council
Aston Clinton Parish Council
Aylesbury Town Council
Bletchley & Fenny Stratford Town Council
Buckingham Town Council
Burnham Parish Council
Campbell Park Parish Council
Chalfont St Giles Parish Council
Chalfont St Peter Parish Council
Chepping Wycombe Parish Council
Chesham Bois Parish Council
Chesham Town Council
Chiltern Crematorium
Chilterns Conservation Board
Denham Parish Council
Farnham Royal Parish Council
Gerrards Cross Parish Council
Great Missenden Parish Council
Hambleden Parish Council
Hazlemere Parish Council
Iver Parish Council
Lane End Parish Council
Little Marlow Parish Council
Marlow Town Council
Newport Pagnell Town Council
Olney Town Council
Piddington & West End Parish Council
Princes Risborough Town Council
Shenley Brook End and Tattenhoe Parish Council
Shenley Church End Parish Council
Stantonbury Parish Council
Stony Stratford Town Council
Wendover Parish Council
West Bletchley Town Council
West Wycombe Parish Council
Winslow Town Council
Woburn Sands Town Council
Wolverton & Greenleys Town Council
Wooburn Parish Council
Woughton Community Council
Amersham & Wycombe College
Aylesbury College
Aylesbury Grammar School
Aylesbury Vale Academy
Buckinghamshire New University
Beaconsfield High School
Beechview Middle School
Brookmead School
Brooksward School
Brushwood Middle School
Castlefield School
Chalfonts Community College
Cottesloe School
Cressex School
Danesfield School
Denbigh School
Dr Challoner’s Grammar School
Germander Park School
Gerrards Cross C E School
Glastonbury Thorn First School
Great Marlow School
Hamilton Primary School
Hazeley School
Leon School and Sports College
Lord Grey School
Loudwater Combined School
Loughton Middle School
Milton Keynes Academy
Milton Keynes College
New Bradwell Combined School
Newton Longville Parish Council
Oakgrove School
Onley Infant School
Ousedale School
Overstone Combined School
Portfields Combined School
Radcliffe School
Royal Grammar School, Wycombe
St Paul’s RC School
Shenley Brook End School
Southwood Middle School
Stanton Middle School
Stantonbury Campus
The Premier Academy
Tickford Park School

Two Mile Ash School
Waddesdon C E School
Wycombe High School

Election Fees:
Aylesbury Vale Local
Aylesbury Vale Parliamentary
Chiltern Local

Chiltern Parliamentary
Milton Keynes Local
Milton Keynes Parliamentary
Wycombe Local
Wycombe Parliamentary
South Bucks Local
South Bucks Parliamentary
Chiltern Parliamentary
Milton Keynes Local

Admitted Bodies

Action for Children
Ambassadors Theatre Group
AMEY plc
Archgate Cleaning
ASM Metal Recycling Limited
Aylesbury Vale Advantage
Aylesbury Vale Community Trust
Aylesbury Vale Dial-a-Ride
Beacon Housing Association
Braybourne Cleaning Services
Bucks Association of Local Councils
Bucks Vision
Community Impact Bucks
Connection FS
Connexions
Cygnet Foods
Excelcare
Fremantle Trust
Hays Specialist Recruitment
Heritage Care
Hertsmere Leisure Trust
Hightown Praetorian and Churches Housing Association
MK Dons
Mouchel
National Foundation for Educational Research (NFER)
Newton Longville Parish Council
Northgate Arinso
Oxfordshire and Buckinghamshire Mental Health NHS Foundation Trust
Paradigm Housing Association
Penn School
Pitney Bowes
Police Superintendent’s Association
Race Equality Council
Ringway Jacobs
Risk Management Security Services
SDK (Environmental)
Vale of Aylesbury Housing Trust
Walton High School
Wolverton & Watling Way Pools Trust
Wycombe Dial-A-Ride

Academies

Academies are publicly funded independent schools, free from local authority and national government control. Other freedoms include setting their own pay and conditions for staff, freedoms concerning the delivery of the curriculum, and the ability to change the length of their terms and school days. The income, expenditure and assets of academies with Buckinghamshire do not form part of the Council's accounts.

Accrue

If an organisation owes money for goods and services but has not received a bill up to the date it prepares its accounts, it will estimate what it owes. It will then include the debt in its accounts. This estimated liability is called an accrual.

Actuary

An actuary is an expert on pension scheme assets and liabilities, life expectancy and probabilities for insurance purposes (the likelihood of things happening). An actuary works out whether enough money is being paid into a pension scheme to pay the pensions when they are due.

Additional Voluntary Contributions (AVC)

An extra pension contribution you can make when a member of an employer Occupational Pension Scheme.

Advanced Corporation Tax (ACT)

Until 1999 this tax was paid by companies on the dividends they paid. The advance corporation tax paid could usually be offset against the corporation tax due on the company's profits.

Agency Services

These are services we provide for other organisations, or services other organisations provide for us.

Amortisation

The process of charging capital expenditure, usually on intangible fixed assets, to the accounts over a suitable period of time.

Appropriations

Amounts transferred between the revenue account and revenue or capital reserves.

Area Based Grant (ABG)

Area Based Grant is a general grant allocated directly to local authorities as additional revenue funding to areas. It is allocated according to specific policy criteria rather than general formulae. Local authorities are free to use all of this non-ringfenced funding as they see fit to support the delivery of local, regional and national priorities in their areas. This grant ended for the year 2011/12.

Balance Sheet

A balance sheet is a summary of an organisation's financial position. It lists the values, in the books of account on a particular date (in the case of the Council this is 31 March) of all the organisation's assets and liabilities. The assets and liabilities are grouped in categories, to paint a picture of the organisation's strengths and weaknesses.

Best Value Accounting Code of Practice (BVACOP)

This determines the structure of the Statement of Accounts. It is designed to facilitate comparisons between different local authorities' Statements of Accounts.

Biodegradable Municipal Waste (BMW)

The fraction of municipal waste that will degrade within a landfill. It includes, amongst other materials, food waste, green waste, paper and cardboard.

Budget

A statement which reflects the County Council's policies in financial terms and which sets out its spending plans for a given period. The revenue and capital budgets are finalised and approved in February before the start of the financial year on 1 April.

Capital Adjustment Account (CAA)

The purpose of the Capital Adjustment Account is to contain the details of the costs of consuming fixed assets and the resources that have already been set aside to finance capital expenditure.

Capital Financing

The means by which capital expenditure incurred by the Council is funded.

Capital Spending

Spending on assets which adds value and will provide benefit to the Council for more than one year, for example land, buildings and equipment. They are also referred to as 'capital expenditure' and 'capital payments'.

Capitalisation

The classification of expenditure as capital rather than revenue, subject to the condition that the expenditure yields a benefit to the Council for a period of more than one year.

Capital Financing Requirement (CFR)

The CFR measures an authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend (by capital receipts, capital grants/contributions or from revenue income), or over the longer term (by prudent minimum revenue provision (MRP) or voluntary application of capital receipts for debt repayment etc). Alternatively it means, capital expenditure incurred but not yet paid for.

Capital Receipts

Amounts received from sale of capital assets. These can only be used for 'capital purposes' – to repay an existing debt, or to finance new capital spending. Amounts received that have not yet been used are referred to a 'capital receipts unapplied'.

Cash Flow Statement

Summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue purposes. It provides a link between the Balance Sheet at the beginning of the year, the Income and Expenditure Account for the year and the Balance Sheet at the end of the year.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The Chartered Institute of Public Finance and Accountancy is the accountancy body which recommends accounting practice for the preparation of local authority accounts.

Consistency

The principle that the same accounting treatments are used from year to year so that useful comparisons can be made. Any significant change in policies must be declared in the accounting statements.

Contingencies

Sums set aside to meet either the potential costs of activities expected to occur during future years.

Corporate and Democratic Core

Corporate and Democratic Core represents costs associated with democratic representation and management and corporate management. Democratic representation and management includes all aspects of Members' activities. Corporate management concerns the cost of the infrastructure that allows services to be provided and the cost of providing information that is required for public accountability. Such costs form part of total service expenditure, but are excluded from the costs of any particular service.

Council Tax

This is a tax charged locally on private houses. It provides some of the money to run local councils.

County and District Chief Executive's Group (CADEX)

A partnership created to contribute to the cost of a number of Police Community Support Officers, as well as funding a Rural Transport Officer and supporting the establishment of an SLA based framework for Voluntary and Community Sector engagement in partnership working.

Creditor

This is someone who is owed money.

Current Assets

These are short-term assets which are constantly changing in value, such as stocks, debtors and bank balances.

Current Liabilities

These are short-term liabilities which are due to be paid in less than one year, such as bank overdrafts, money owed to suppliers and employees' PAYE.

Debtor

This is someone who owes money.

Dedicated Schools Grant (DSG)

A specific grant that must be spent on schools.

Deferred Benefits

A future benefit which is being paid for in the current accounting period.

Deferred Liabilities

An amount already received by the County Council that is being credited to the Income and Expenditure Account over a number of years.

Delegated Budgets

Budgets for which schools and other services have complete autonomy in spending decisions.

Depreciation

Depreciation is the drop in value of an asset due to wear and tear, age and obsolescence (going out of date) as recorded in an organisation's financial records.

Depreciated Historic Cost

The value of an asset shown in the Balance Sheet calculated from the original cost less depreciation to date.

Disposals

This happens when something is sold, transferred or given away.

Earmarked Reserves

These reserves represent monies set aside that can only be used for a specific usage or purpose.

Exceptional Items

Items that derive from the ordinary activities of the authority and are material in terms of the authority's overall expenditure and not expected to recur frequently or regularly.

Extraordinary Items

Material items possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur.

Finance Lease

Under this type of lease the organisation leasing the goods is treated as if it owns the goods and reflects this in the Balance Sheet. It gains the profits that would come with ownership but it also suffers the losses.

Financial Instrument

For all terminology relating to financial instruments please see Financial Instruments section in the glossary below.

Fixed Asset

A fixed asset is one which is intended to be used for several years. Examples are buildings, machinery and vehicles.

General Fund

The Council's main revenue fund to which all revenue receipts are credited, and from which revenue liabilities are discharged. The movement on the fund in year represents the excess of income over expenditure once notional charges and credits have been replaced by the amounts required to be funded from Council Tax.

Government Grants

Amounts received from central Government towards funding the County Council's activities.

Gross Book Value (GBV)

The carrying value of assets in the Balance Sheet excluding deductions in relation to cumulative depreciation.

HM Revenue and Customs (HMRC)

Formed on the 18 April 2005, following the merger of Inland Revenue and HM Customs and Excise Departments. They ensure the correct tax is paid at the right time.

Impairment

A reduction in the value of a fixed asset arising from physical damage to the asset, dilapidation, obsolescence or a fall in market values.

Comprehensive Income and Expenditure Account (CIES)

This account records an organisation's income and spending and shows the surplus or shortfall.

Infrastructure

The County Council's network of roads, pavements and bridges.

Income

Amounts which the Council receives, or expects to receive, from any source. Income includes fees, charges, sales, capital receipts, government grants, the precept on Council Tax collection funds, Revenue Support Grant and National Non-Domestic Rate.

Intangible Fixed Assets

Intangible assets cannot be touched. An example is computer software (although the storage device the software is contained on can be touched, the value of the asset is primarily contained within the software coding, which cannot be touched).

International Financial Reporting Standards (IFRS)

Standards, Interpretations and the Framework for the Preparation and Presentation of Financial Statements.

Investments

Short term investments comprise deposits of temporary surplus funds with banks or similar institutions. Long term investments comprise similar funds held for a period of more than one year.

Landfill Allowance Trading Scheme (LATS)

The scheme allocates tradable landfill allowances to each waste disposal authority in England and authorities can buy, sell or carry forward landfill allowances depending on usage requirements.

Lender Option, Borrower Option Loans (LOBOs)

A LOBO is a form of loan where, after an agreed initial period, and then at other pre-agreed intervals, the lender has the option to change the interest rate. If the lender changes the interest rate, the borrower then has the option of either continuing the loan at the new rate, or ending the loan without penalty, by repaying the outstanding principal in full, within the contracted time (usually five days).

Lessor

A lessor is the owner of an asset which is leased to another party.

Lessee

A lessee is the party that leases an asset that is owned by another party.

Local Authority Accounting Panel (LAAP)

A CIPFA department that provides guidance on topical issues and accounting developments and when appropriate provides clarification on the detailed accounting requirements.

Local Authority Business Growth Incentive Scheme (LABGI)

The Local Authority Business Growth Incentives scheme (LABGI) provides an incentive for local authorities to promote economic growth in the area by allowing them to retain a proportion of any increase in business rates revenues.

Local Government Association (LGA)

A voluntary lobbying organisation acting as the voice of the local government sector.

Local Government Pension Scheme (LGPS)

The pension scheme administered by Buckinghamshire County Council on behalf of its employees and other scheduled and admitted bodies.

Local Strategic Partnership (LSP)

A partnership that brings together public and private organisations to work together on improving life in the region.

Long Term Borrowing

The main element of long term borrowing is comprised of loans over one year in duration that have been raised to finance capital expenditure projects.

Market Value

The monetary value of an asset as determined by current market conditions at the Balance Sheet date.

Materiality

The concept that any omission from or inaccuracy in the statement of accounts should not be so large as to affect the understanding of those statements by a reader.

Minimum Revenue Provision (MRP)

The minimum amount (as laid down in statute) that the County Council must charge to the accounts each year in order to meet the costs of repaying amounts borrowed.

National Non-Domestic Rates (NNDR)

Business tax set by central government and distributed to local authorities.

Net Book Value

This is what an asset cost, as recorded in the books of account, less all the depreciation taken off the asset for age and wear.

Net Current Replacement Cost

The estimated cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

The expected proceeds from the sale of an asset when sold on the open market between a willing buyer and a willing seller less all the expenses incurred in selling the asset.

Non Distributed Costs

Costs that cannot be specifically applied to a service or services and are held centrally, comprising certain pension costs and the costs of unused shares of IT facilities and other assets.

Non Operational Assets

Fixed assets held by the Council that are not currently used in the provision of services. This includes properties that are awaiting sale and properties and assets under construction.

Operational Assets

Assets that are used for the provision of services for which it has either a statutory or discretionary responsibility. Infrastructure relates to the network of roads, bridges, sewers, and street lighting etc. that is a pre-condition to development and transportation.

Operating Lease

Under this type of lease, ownership of the leased goods stays with the lessor (the company leasing out the goods).

Precept

The amount collected by the District Councils on behalf of the County Council for the County Council’s share of the Council Tax.

Prepayments

In a set of accounts this means something which has been paid out which covers a period after the end of the accounting period. You may have paid an insurance premium for the year to 30 September. If your accounting year ends on 30 March, 6 months of your premium will be prepaid.

Primary Care Trust (PCT)

A type of NHS trust, part of the National Health Service in England, that provides some primary and community services or commission them from other providers, and are involved in commissioning secondary care.

Prior Period Adjustments/Prior Year Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include minor corrections or adjustments of accounting estimates made in prior years.

Private Finance Initiative (PFI)

A means of securing new assets and associated services in partnership with the private sector.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

Provisions

When accounts are being prepared and an amount needs to be set aside for liabilities which are known to exist, but which cannot be measured accurately, the amount set aside is called a provision.

Prudential Code

Since 1 April 2004 the Local Government Act 2003 has required local authorities to have regard to CIPFA's Prudential Code. This replaces the old system of credit approvals and allows local authorities to decide for themselves how much to borrow to finance their capital programme. Under the Code, borrowing must be affordable, prudent and sustainable, as measured by a range of prudential indicators, over the long term.

Public Private Partnerships (PPP)

Arrangements typified by joint working between the public and private sector, PPP's can cover all types of collaboration between the public and private sectors to deliver policies, services and infrastructure. Where delivery of public services involves private sector investment in infrastructure, the most common form of PPP is the Private Finance Initiative.

Public Works Loan Board (PWLB)

A government body from which a local authority may borrow money in the form of loans.

Receipts in Advance

Amounts received by the Council during this year that relate to goods or services to be received or delivered in future years.

Related Party

This is someone, or an organisation, which controls or significantly influences another organisation.

Reserves

These are amounts set aside in one year's accounts, which can be spent in later years. Some types of reserve can only be spent if certain conditions are met.

Revenue Expenditure

Revenue expenditure is spending on the day to day running costs of the Council. It includes expenditure on employees, premises, transport and supplies & services.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure which legislation classifies as capital, although it does not result in the creation of a fixed asset.

Revenue Support Grant (RSG)

A general grant from central government to contribute towards the cost of providing services. When taken together with national non-domestic rates, it is known as the 'Formula Grant'.

Right to Buy (RTB)

The Right to Buy scheme gives eligible Council tenants the right to buy their property from their Council at a discount.

Royal Institution of Chartered Surveyors (RICS)

Professional body for qualifications and standards in land, property and construction.

SAP

The general ledger system developed by SAP AG used by Buckinghamshire County Council to record financial transaction data.

Section 151 Officer

The Officer designated to assume overall responsibility for the administration of the financial affairs of the Council and for the preparation of the Council's Statement of Accounts.

Service Expenditure Analysis (SEA)

The SEA structure is determined by CIPFA Best Value Accounting Code of Practice 2008 (BVACOP) and reflects the format of returns required by the Government and is designed to allow comparisons between the Statements of Accounts of different local authorities.

Service Level Agreement (SLA)

Part of a service contract where the level of service is formally defined.

Slippage (Capital Slippage)

This is when delays occur in capital works and therefore payments are not made in the financial year originally anticipated.

Statement of Investment Principles (SIP)

Principles adopted by Buckinghamshire County Council in relation to the investment of assets of the Council's Pension Fund.

Surplus

The remainder after taking away all expenditure from income.

Tangible Fixed Assets

Fixed assets that have physical substance and which yield benefits to the County Council for a period of more than one year.

Trading Account

Services which are funded by generating income from internal and external clients.

Trust Funds

Funds administered by the Council for such purposes as charities, prizes and specific projects.

Usable Capital Receipts Reserve

A reserve held to provide an alternative source for financing future capital expenditure, and to ensure some stability in the level of capital programmes that can be financed.

Value Added Tax (VAT)

A tax that's charged on most goods and services that VAT-registered businesses provide in the UK.

Voluntary Aided Schools (VA School)

Voluntary-aided schools are mainly religious or 'faith' schools, although anyone can apply for a place.

Voluntary Controlled Schools (VC Schools)

Voluntary-controlled schools are similar to voluntary aided schools, but are run by the local authority.

Work in Progress (WIP)

The value of rechargeable work which has not been recharged at the end of the financial year.

Financial Instrument Accounting is based upon some of the most complicated accounting standards. This sub glossary has been produced to explain some terms to readers of the accounts.

Amortised Cost Using the Effective Interest Rate Method

Amortised cost is a mechanism that sees through contractual terms to measure the real cost that an authority bears each year from entering into a financial liability. For instance, if a premium is paid for the right to enter into a loan at less than market rates or a period of lower than market interest rates is granted and compensated for by a period of higher than market rates, authorities are required to account using a single effective interest rate. Interest payable in the Comprehensive Income and Expenditure Account will then be recognised on a level interest rate basis over the expected life of the loan.

Available for Sale Financial Instrument Reserve

The gain or loss arising from a change in the fair value of an Available for Sale financial asset should be taken to the Available for Sale Reserve with the exception of impairment losses.

Discount

An unforeseen gain to the Council resulting from the early repayment of a loan or restructuring of a loan portfolio.

Effective Interest Rate

When determining 'fair value', adjustments for transaction costs need to be taken into account
when calculating the effective interest rate of the instrument. The effective interest rate is defined as the rate of interest that will discount all the cash flows that will take place throughout the expected life of a financial instrument down to the fair value of the asset calculated at initial measurement. The cash flows included in the calculation will cover both interest and principal, plus any other consideration that the authority is scheduled to give or receive during the instrument's life, however described in the contract. Effective Interest Rate Accounting does not apply to all loans. Examples of loans that do involve effective
interest rate calculations include:

- Those where interest is programmed to vary in accordance with an underlying measure that reflects the cost of borrowing
- Those where the variation in the interest payable is programmed at the start of the contract (such as a stepped interest loan)

Equity Instrument

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as an equity share in a company) – will only apply to investments in other entities held by the authority.

Fair Value

The amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price adjusted for transaction costs that are directly attributable to the acquisition/issue of the instrument (e.g. fees, commissions, taxes etc).

Financial Asset

A right to future economic benefits controlled by the authority that is represented by:

- Cash
- An equity instrument of another entity
- A contractual right to receive cash (or another financial asset) from another entity
- A contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority

Financial Asset Available for Sale

This category contains items that do not fit under any of the other financial asset categories. Examples include equity shareholdings and quoted investments. Available for Sale assets are carried at their fair value, with movements in fair value taken to the Other Comprehensive Income and Expenditure. Interest and dividends income are charged to the Comprehensive Income and Expenditure Account as part of the (Surplus) or Deficit on Provision of Services, alongside gains/losses on derecognition.

Financial Asset Fair Value through Profit and Loss

This designation is used for assets that an entity determines are held for trading and for derivatives with a positive value. The distinctive treatment of such assets would be that all gains and loss are posted to the I+E Account when they arise. However, the Council does not hold any assets of this nature.

Financial Asset Loans and Receivables

These are defined as financial assets (excluding derivatives) that have fixed or determinate payments and that are not quoted in an active market. Examples include operational debtors and bank deposits. Loans and receivables are carried at amortised cost. The I+E Account is charged with interest receivable, impairment losses and any gain or loss on ‘derecognition’ (i.e. disposal or maturity). Movements in fair value during the life of the asset are not recognised.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Instruments Adjustment Account

This account has been set up to ameliorate the effects on the General Fund Balance of exceptional occurrence of having to restate financial instruments on the 2007/08 Balance Sheet.

Financial Liability

An obligation to transfer economic benefits controlled by the authority that is represented by:

- A contractual obligation to deliver cash (or another financial asset) to another entity
- A contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the authority

Financial Liability Amortised Cost

This category contains all of an authority's financial liabilities that are not 'held for trading' or are derivatives. Examples include operational creditors and borrowings. These liabilities are carried at amortised cost. The Comprehensive Income and Expenditure Account is charged with interest payable.

Financial Liability Fair Value Through Profit and Loss

This classification is used for liabilities held for trading or derivatives with a negative value. Under FRS 26, an entity can also choose to designate a financial liability as at fair value through profit and loss that would not by definition be required to be so classified, but the Code does not permit this. The distinctive treatment of such assets would be that all gains and loss are posted to the Comprehensive Income and Expenditure Account when they arise. However, the Council does not hold any assets of this nature.

Guarantees

A requirement for the Council to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract.

Impairments

At each Balance Sheet date an assessment is made of whether there is objective evidence that any financial asset or group of financial assets may be impaired (this includes assessing provision for doubtful debts). An assessment should first be made of whether evidence of impairment exists individually for financial assets that are individually significant. Then an assessment of impairment should be made individually or collectively for financial assets that are not individually significant.

Overhanging Premiums and Discounts

Premiums and discounts that relate to transactions prior to 1 April 2007 for which there is either no qualifying replacement loan or modified financial liability or for which the loan/liability has been derecognised. Premiums and discounts do not have a separate existence as financial instruments (as they usually represent payments made in termination of a contractual obligation) but will only be carried on the Balance Sheet to the extent that they can be linked in substance to a replacement transaction. If there is no replacement transaction to link to, the accumulated premiums and discounts will need to be derecognised at 1 April 2007, no matter what year they were first recognised.

Premium

An unforeseen loss to the Council resulting from the early repayment of a loan or restructuring of a loan portfolio.

Soft Loans

These are loans given to or received by the Council with associated interest payments at less than market rates. Examples of Soft Loans made by the Council include loans to employees. The Code requires the discounted interest rate to be recognised as a reduction in the fair value of the asset when measured for the first time. There may be occasions when an authority is in receipt of loans that are interest free or at less than prevailing market rates. If material, the effective interest rate of these loans will need to be calculated so that the value of the financial assistance provided to the authority by the lender can be separated from the financing cost of the transaction. It should be noted that this does not apply to PWLB loans – although they might have marginally lower than market interest rates, this reflects the ability of the Government itself to borrow cheaply, not a subsidisation of local government.